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U.S. GOVERNMENT PRINTING OFFICE

CAPE OF GOOD HOPE

HANDBOOK

TO THE

REPORTS

FROM THE

COMMITTEES ON PUBLIC ACCOUNTS

OF THE

1877-1905

INCLUSIVE

WITH AN INDEX

PREPARED AND EDITED UNDER THE DIRECTION OF THE COMPTROLLER
AND AUDITOR GENERAL

Presented to the House of Representatives by the Committee on Printing
1906

CAPE TOWN

PRINTED BY THE GOVERNMENT PRINTER, ROSSouw

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Presented to both Houses of Parliament by Command of His Excellency the Governor.
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CAPE TIMES LIMITED, GOVERNMENT PRINTERS, KEIFROM STREET.

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P R E F A C E.

IN preparing this handbook, my object has been to make the recommendations of the various Committees on Public Accounts available for ready reference, and by an index to make it feasible to ascertain when the various points were dealt with. I have not, however, republished the Minutes of Evidence or such Annexures to the original Reports as were of an ephemeral character.

It is interesting to note the gradual evolution of Parliamentary control over finance shown in these Reports, and to observe the closer grip and more severe criticism of later years.

I trust the volume will prove of service to Members of Parliament as well as to officials.

WALTER E. GURNEY,

Controller and Auditor-General.

Control and Audit Office,

15th March, 1906.

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£1,261 15 8 Do. - -	1894	59
£3,000 5 10 Do. - -	1895	60
£1,581 15 9 Do. - -	1896	64
£1,915 16 8 Do. - -	1897	67
£3,960 2 3 Do. - -	1898	68
£3,217 14 10 Do. - -	1900	85
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Authorised should not be proceeded with until funds are raised on loan.	1904	125
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Amount provided for specific work, if not required, should be surrendered, not spent on another work.	1904	124

REPORTS
FROM THE
COMMITTEES
ON
PUBLIC ACCOUNTS.
1877 TO 1905 INCLUSIVE.

1877.

COMMITTEE :

HON. J. C. MOLTENO (Colonial Secretary), Chairman.

Mr. Saul Solomon.	Mr. P. Watermeyer.
„ J. Paterson.	„ P. J. Stigant.
„ T. C. Scanlen.	„ J. A. de Wet.

REPORT.

THE COMMITTEE ON PUBLIC ACCOUNTS have considered the Report of the Controller and Auditor-General, together with the Appropriation Accounts, and have agreed to report as follows:—

VOTE 14.—With respect to Note A by the Accounting Officer, your Committee are of opinion that the sum of £12 10s. paid to the Magistrate of Beaufort West, for supervising Prisoners employed on the Beaufort West Dam, should be refunded by the Municipal Commissioners of Beaufort.

VOTE 23.—Your Committee agree with the conclusions of the Controller and Auditor-General in Note D, that Government is not at liberty, because a service is authorised by an Act of Parliament, to spend money provided for other purposes on such a service, without a vote of Parliament.

VOTE 47½.—Your Committee are of opinion that the item “Controller’s Salary,” and all charges connected with the Savings Bank, should be charged in the first instance to the Savings Bank, and that any deficit or surplus should be carried to the general account of Revenue or Expenditure, as the case may be.

VOTE 55½.—As it appears that the deficit of £42 1s. in this instance seems to arise from the expenses of a witness from Port Elizabeth heard before a Select Committee of the House of Assembly, the Committee are of opinion that such an expenditure would come more properly under the head of “Parliamentary Expenses,” and that in future it should be brought to that account.

Your Committee find that the sum of £74,348 8s. 9d., which appears on page 165 of the Report of the Controller and Auditor-General, is the amount which will be required to be voted to cover deficits of the Service of the half-year from January to June, 1876.

1878.

COMMITTEE :

HON. J. GORDON SPRIGG (Colonial Secretary), Chairman.

Hon. J. C. Molteno.	Mr. L. A. Vincent.
Mr. Saul Solomon.	„ P. J. Stigant.
„ J. Paterson.	„ J. A. de Wet.

Mr. P. Watermeyer.

REPORT.

The Committee on Public Accounts have had under their consideration the Appropriation Accounts for the year ending 30th June, 1877, and notice with approval the evidences which the details afford of the industry of the Audit Department. It was necessary to examine the

1878. — Controller and Auditor-General with respect to his explanations of several of the votes, and his further explanations were generally satisfactory.

On one vote—that referring to the character of the vouchers to be required in connection with the travelling expenses of the Governor, or of any of his Ministers—the Committee have come to the following conclusion, which commends itself to the Controller and Auditor-General, as expedient and sufficient, and which they recommend to the House. That for all the larger items, such as passage by sea, conveyance for long distances by land, hotel expenses beyond three days at one place; proper vouchers shall be produced, but that for all other expenses the statements signed by the Private Secretary of the Governor, and of the individual Minister, or his Private Secretary, shall be sufficient.

In consequence of certain signal failures of an effective administrative audit in connection with the railway accounts being brought under the attention of your Committee, by the Report of the Railway Commissioners and the Report of Mr. Judge, your Committee examined the Controller and Auditor-General at great length upon this subject, with the object of discovering whether he could suggest any improvements in the present system of audit, so as to provide a real check upon dishonesty, and prevent a continuance of the very serious state of affairs at present existing.

Your Committee regret that they were unable to obtain from the Controller and Auditor-General anything more than an admission of the inefficiency of the present system of audit. He was unable to suggest any remedy, nor did he appear to be fully alive to the necessity of any remedy, his contention being that dependence must be placed upon the honesty of the sub-accountant at the head of the particular office.

In the absence of any practical suggestions from the Controller and Auditor-General, your Committee pressed upon him the necessity of certain changes, which they now submit for the consideration of the House, with a view to their being enforced on the Audit Department of the Colony.

It appears to your Committee that any administrative audit, to be effective as a system of control over current expenditure, requires that there should be in the Supreme Audit Office a branch department, to which should be transferred monthly certified transcripts of the chief books of account of the Railway and Public Works Departments of the country, so that the Government and the Parliament should be able to see as in a mirror at any moment the exact state of the public accounts.

To carry out this object your Committee recommend that the Controller and Auditor-General should be required, without delay, to make a personal examination of the books of account used in the Railway and Public Works Departments, both in Cape Town and in the Provinces; and that to supply a want of technical knowledge of accounts, a thoroughly good practical accountant should be provided to assist him in making such examination. And the attention of the Controller and Auditor-General should be directed to the necessity of having a uniform system of bookkeeping in those departments, instead of the diversity now prevailing.

If the foregoing recommendations are agreed to, and put into operation, your Committee would further recommend that, in the audit of the accounts connected with the issue of stores the Audit Office should not content itself, as it now does, with a simple cash voucher, but should insist upon particulars of the stores issued, so as to prevent for the future the passing of fraudulent documents of the character of the one transmitted from Port Elizabeth, to which attention is drawn in the report of Mr. Judge.

Large sums of public money being in the hands of the Harbour Board of Port Elizabeth, whose accounts, as rendered, are at present in a con-

fused and unintelligible state, your Committee recommend the House to direct the attention of the Government to the necessity of requiring the Controller and Auditor-General to call upon that Board, and any other public body similarly situated as to the receipt and expenditure of public moneys, to transmit their accounts monthly to his Office, that they may be subjected to a regular and systematic audit.

The attention of your Committee having been directed to the fact that the practice prevails in some departments, but particularly in the Treasury, of paying considerable sums of money above the salaries voted by Parliament, to persons in the permanent Civil Service, for work of an ordinary character performed out of office hours, they desire to observe that such a practice opens the door to grave abuses, and should for the future be permitted only in most exceptional cases, and should then be specially reported on. No sort of inducement should be held out for the accumulation of arrears, nor should Officers be unfitted by prolonged night work for the performance of their ordinary daily duties.

The attention of your Committee was drawn to the report of the Controller and Auditor-General, upon the subject of the power of the Government to supplement any deficiency caused by the raising of loans at a discount without the authority of Parliament, and to the following opinion of the late Attorney-General, Mr. Jacobs, upon the question submitted to him by the Controller and Auditor-General:—

“The Act does not say anything about the nominal value of stock or debentures to be issued—a sum of money is required to be raised, and in my opinion sufficient debentures or stock must be issued to raise the amount; if debentures are issued below par, more than the nominal value will have to be issued; if they are above par less will be issued.”

In reply to questions put to him, the Controller and Auditor-General stated that he considered himself bound by the opinion of the Law Officer of the Government. Your Committee, however, do not see their way to recommend the House to advise the Government to act upon that opinion; but, on the contrary, would recommend that no greater indebtedness should be incurred than the amount of debentures specified in the several Loan Acts.

Upon Vote 49, Sub-vote N., your Committee are of opinion that the expenditure upon the reservoir and landing accommodation at East London should not figure in a separate account, but should be charged to the account of the Harbour Works at that port.

Your Committee find that the sum of £99,389 15s. 6d., which appears on page 178 of the Report of the Controller and Auditor-General, is the amount which will be required to be voted to cover deficits of the service of the year, from 1st July, 1876, to 30th June, 1877, inclusive.

Your Committee cannot conclude their report without bringing to the attention of the House that, in their opinion, the annual appropriation accounts should, with the least possible delay, be brought down to the 30th September preceding the meeting of Parliament.

APPENDIX A. (Not printed.)

(Extract from an Agreement dated 30th September, 1874, between the Crown Agent and Mr. T. P. Watson, Resident Engineer of Railways.)

APPENDICES B AND C. (Not printed.)

(Correspondence between the Commissioner, the Railway Engineer and the Controller and Auditor-General concerning Travelling and Camp Allowances of Railway Engineers.)

APPENDIX D. (Not printed.)

(Return of Extra Payments in 1876-7 and 1877-8 £1,381 7s. 7d. in all.)

1878.

APPENDIX E. (Not printed.)

(Copies of certain authorities for payment of extra remuneration to Civil Servants.)

APPENDIX F. (Not printed.)

(Detailed statement explaining excess of salaries and allowances in 1876-7 in the Accounting Department of Railways.)

APPENDIX G. (Not printed.)

(Detailed statement of the excess expenditure under the sub-vote for Contingencies in 1876-7 in the Accounting Department of the Treasury.)

1879.

COMMITTEE:

HON. J. GORDON SPRIGG (Colonial Secretary), Chairman.	
Mr. P. J. Stigant.	Mr. W. M. Farmer.
„ J. Paterson.	„ J. W. Irvine.
„ L. A. Vincent.	„ J. A. de Wet.

REPORT.

Your Committee have gone carefully through the Report of the Controller and Auditor-General and the Appropriation Accounts for the Year 1877-78, and mark with satisfaction the evidences of laborious painstaking on the part of that officer to bring all matters connected with the working of his department under the searching review of Parliament.

It is with deep regret, however, that your Committee feel themselves again constrained to report to Parliament that the audit system of the country has not yet been brought into that condition of efficiency which would enable your Committee to report regarding it that it now affords an effective check for the prompt detection of anything in the shape of irregularity or dishonesty in those entrusted with the handling of the public moneys of the country.

It has been proved in evidence that the auditing of the accounts continues in serious arrear, the accounts of the different accounting departments lying many months in the hands of the Audit Office before they are in any way dealt with, or the accounting officers are on any points queried in respect to the same.

Your Committee have further found, on investigation, that there is no uniformity observed in the method of keeping the accounts in the different accounting departments, and your Committee, having had occasion to call for certain books, with a view to understanding some serious errors of double payments, have discovered that the books of some departments have been for years in a condition which can only be characterised as extremely discreditable.

Your Committee have further discovered that, although the Audit Act confers upon the Auditor-General the power, at any time of calling for the books of the different accounting departments for the purpose of inspection, the Auditor-General did not consider it part of his duty to look to the condition of the books of the accounting officers, or to take any steps, through representations to the Government or otherwise, to introduce such a uniform system of effective book-keeping throughout the Service as might ensure either check or accuracy in the Public Accounts of the country.

The Auditor-General stated, in reply to questions put to him, that, so far as his own department was concerned, much of its inefficiency was attributable to its being insufficiently manned and accommodated, while of the officers upon his establishment only two knew anything of book-

keeping by double entry, and those two had been taught by himself within a very recent period.

It does not require much argument to prove that a department so described by its chief requires complete reorganisation, and your Committee are of opinion that merely to multiply clerks, or to increase accommodation to this office without that thorough reorganisation of the department itself, which shall ensure an intelligent comprehension by every officer of the department of the particular work to be done by him, and the special object of that work, could effect no great beneficial result.

Your Committee, therefore, under this head strongly recommend that the Auditor-General be required to submit to the Government at the earliest possible date, such a scheme of reorganisation of his office as may be likely to ensure the desired result.

With the object of securing a more prompt appropriation audit than as yet obtained, your Committee further recommend that a primary audit be established in each Ministerial Department, and with a view to the introduction of such a departmental audit in a form which should command the confidence of Parliament and the country, your Committee are of opinion that the Controller and Auditor-General should, with the aid of such experts in bookkeeping as he may desire to call in, specify the books to be kept by every accounting department, and frame for each the necessary series of entries to be followed in all cases in the bookkeeping of those departments.

It is believed by your Committee that, if these recommendations are attended to and enforced, much of that unseemly bickering between the Audit Office and the Treasury, and the serious waste of time over trifles exhibited in the Controller and Auditor-General's Report, and on which the Committee feel they cannot animadvert too severely, would for the future be avoided.

In accordance with the Report of the Controller and Auditor-General, your Committee have to point out that the following expenditure has been incurred for which no Parliamentary authority has been given, viz. :

	£	s.	d.
1. Arrears, 1875, brought to charge, 1876-'77	56,304	12	8
2. Arrears, 1875, brought to charge, 1877-'78	14,219	1	1
3. Deficits on Votes for the Year 1878	115,998	19	10
4. Deficits on Appropriation by Special Acts of Parliament for Railway Expenditure up to 30th June, 1878 :—			
	£	s.	d.
Excess—Wellington to Worcester Line	136,072	1	4
Excess—Castle to Dock Line	3,256	2	4
Excess—Port Elizabeth to Bushman's River	42,656	17	7
	181,985	1	3

Amounting in all to 368,507 14 10

To cover these several amounts it is necessary that Bills be introduced by the Government for the sanction of the Legislature.

1st September, 1879.

APPENDIX A. (Not printed.)

(Statement showing the date upon which each of the Appropriation Accounts for 1877-8 was completed by the Accounting Officer and the date of the Controller and Auditor-General's report thereon.)

1879.

APPENDIX B. (Not printed.)

(Extracts from letters from the Controller and Auditor-General to the Colonial Secretary concerning increase in staff).

APPENDIX C. (Not printed.)

(Memorandum from the Accountant of the Native Affairs Department explaining delay in rendering Appropriation Accounts for 1877-8).

APPENDIX D. (Not printed.)

(Memorandum from the Under Secretary for Native Affairs in re double payment of freight per "Sparkling Water.")

APPENDIX E. (Not printed.)

(Letter from the Controller and Auditor-General to the Colonial Secretary suggesting improvements in the arrangements for the collection and accounting for House Duty.)

APPENDIX F.

Colonial Secretary's Office,
Cape Town, Cape of Good Hope,
25th July, 1879.

The Chairman and Members of the Committee on Public Accounts,
House of Assembly.

GENTLEMEN,—I have the honour to forward for your information the Report of the Controller and Auditor-General on the Report of the Commission appointed to inquire into the system under which the Public Accounts of the Colony are at present kept and audited.

I have, etc., CHARLES MILLS.

(Enclosure to Annexure F.)

Expression of the views of the Controller and Auditor-General on the Report of the Committee of Officers appointed to enquire into the system under which the Accounts of the Colony are at present kept and audited; asked for by Colonial Office letter, dated 2nd May, 1879:—

Control and Audit Office,
26th June, 1878.

In my letter of the 7th May, in which I asked for certain further information, to which I received an ample response from the Committee on the 16th May, I intimated that I had perused the able and valuable Report of the Committee with great pleasure, and would at an early date, after receipt of the further information asked for, report thereon as requested.

I shall now take up the recommendations of the Committee in order, and express my opinions thereon, stating as briefly as possible my reasons for differing from the Committee on those points on which I am unable to concur with their conclusions. I find that I am compelled to follow the order of the report, not that of the resume of recommendations at the end.

Views of the Controller and Auditor-General.

The difficulties in and objections to the present system are clearly and fully stated by the Committee; they were felt as soon as the new system came into force, and on my stating them early in 1876, were met, so far as they could be met without any amendment of the Audit Act, by the issue of Special Credits (*vide* opinion of Hon. Attorney-General, dated 24th March, 1876, printed as Annexure C. on pages xv. and xvi. of my Report for January—June, 1876). Now while I feel the force of the objections of the Committee, I do not think it expedient that these objections should be met by abandoning the existing control, although I fully admit that it can fairly be described as "ineffectual."

* NOTE.—The references are to pages of the Report of the Committee as printed, A. 6.—79.

Recommendations of the Committee.
Repeal of a portion of Section VII. of the Audit Act, pp. 1, 2, and No. 1, page 7, providing for control over issues by the Controller and Auditor-General.*

The main objection of the Committee is not to the number of special credits or warrants of issue now made, but to their illegality; though it is admitted that but for the number of these warrants such pointed attention would not have been drawn to the anomaly.

But the amendment which the Committee proposes on the seventh section of the Act would not render a special credit or warrant of issue one whit less illegal than it is at present. For, whether the authorization by the Controller and Auditor-General of requisitions against sums provided for by Parliament be dispensed with or not, the legality of issues *not* provided for by Parliament would not be affected.

I am therefore bound to assume that (though it is not distinctly stated) a further amendment of the Act is contemplated by which such issues would be legalised. I think I may further venture to assume that the Committee contemplates retaining the present distinction between requisitions and special credits, that is, between issues provided for by Parliament and issues not provided for by Parliament; for if this distinction be abandoned it would often be open to the Government to state when any unauthorized expenditure is challenged and the money has been actually and irrecoverably spent, that its attention had not been specially directed to the expenditure in question.

On these assumptions, which I believe I am correct in making, the question of requisitions and special credits may be entirely separated, and each question may be considered and decided as if the other did not exist, there being no reason why the necessary formalities for their completion should be the same. Dismissing then for the moment the question of special credits as not relevant to the issue, the question arises: is it expedient that requisitions should continue to require the approval of the Controller and Auditor-General? I find no reason why any change should be made, and though the same machinery by which I check requisitions might be adopted and worked by the several ministerial offices, I think it is better on the whole that the correctness of requisitions should be checked in an independent office against which no imputation of motive could possibly be raised.

Turning now to special credits, the question arises: is it expedient that such issues should be legalised? The difficulties which have to be met are so admirably stated by the Committee on page 2 of their report, that it is unnecessary for me to add a single word.

Now though there is very great force in the objection that Government should not be expected to commit illegal acts, my own opinion is that it would be a still greater evil to legalise without restriction whatever issues the Government might think fit to make. The true remedy appears to me to be in the direction of reducing to a minimum the number of such issues, and I believe this may be largely secured by the exhibition of greater care and foresight in the preparation of the Estimates. I would also suggest that in those departments, such as the Public Works Department, in which, as the Committee points out, in a colony such as this is, unforeseen contingencies are most frequent, a special vote of limited amount called "unforeseen contingencies" might be granted. This suggestion is not open to the objection, that such a vote would be a secret service vote for the fullest details of its actual application, would be given in the appropriation accounts, and it is surely better that items to which Parliament would certainly wish to give the closest scrutiny should be collected together under one vote for which only a limited amount is available, than that the whole Revenue should, as the Committee proposes, be at the disposal of the Government. The number of special credits would also be reduced, if I felt myself at liberty to dispense with special credits in cases of ordinary deficits on votes (involving expenditure unauthorised only in amount, but not of a character unprovided for), so long as the "Accounting Officer" possesses surpluses on other votes administered by him.

1879. Such dispensation would be best effected by a provision in the Audit Act similar to that contained in the 28th section of the Audit Act amendment Act of Victoria (22 Vic. No. 86), under which as set forth more fully in the 36th Regulation relative to the Public Accounts of Victoria, dated 1st May, 1859, it is competent for the Governor in Council by means of a "Transfer Authority," to "transfer out of the surplus arising on any item or items a sufficient amount to meet the deficiency on any other item or items under the same sub-divisions (except salaries fixed by law), unless such sub-division shall be expressly stated to be unalterable." The Audit Act of the colony contains no such provision.

I think it is possible to arrange either in the way I have indicated or otherwise that special credits should not be numerous and that each should receive the deliberate and special scrutiny of the Government.

4th July, 1879.

The legalisation of advances from the Pub. Revenue to be repaid out of moneys voted by Parliament, page 3.

At present the only advances which can legally be made are advances out of funds put at the disposal of "Accounting Officers" on approved requisitions against votes of Parliament. Almost immediately after the introduction of the new system, it became obvious that cases would and did occur, in which it became imperatively necessary in consequence of some unexpected emergency in order to prevent serious injury to the public service, to make advances out of the public revenue not chargeable to the account of any "Accounting Officer." Although the legalization of such advances in the way contemplated by the Committee would withdraw the check on the frequency of such advances which the fact of their being illegal affords, it would unquestionably be more satisfactory to myself and other responsible officers concerned, that such emergency advances should be legalized. I am, however, bound to add that I do not concur with the Committee in thinking that the 10th Section of the Imperial Act of 1866 forms a provision somewhat similar to what is proposed by the Committee. In fact, it seems to me that a provision similar to that 10th Section would merely declare it to be lawful for a civil commissioner to cash a Treasury draft drawn by an "Accounting Officer" out of the Revenue collected by him; a thing he is continually, and I believe, legally doing without specific enactment.

The extension of the administrative or departmental audit to all accounts of expenditure, page 3; and recommendation No. 7, page 8.

The departmental audit works very well in those departments to which in terms of the Audit Act it has been applied, and, without going into detailed reasons, I would on the whole gladly see it extended as recommended.

The transmission of expenditure accounts through the minister responsible, page 3; and recommendation No. 8, page 8.

The adoption of this is not contingent on the adoption of the preceding recommendation, and so far from seeing any objection to it, my form of monthly account, on the form C. A. 7 prepared so far back as 1875 distinctly contemplates the formal approval of the Minister on every such account. At the same time it tends to cause delays in finally passing the accounts.

The repeal of the Regulation which requires that the draft of Civil Commissioners be charged directly to the "Accounting Officers."

Payments by Civil Commissioners and by the Crown Agents are absolutely unavoidable, and there are only three ways so far as I am aware, in which such payments may legally be made; just as there are three and only three ways not involving "acceptances" by which I can put an agent, who has no funds of his own in a position to make certain payments for me. These three ways are:

(a) That I should give my agent money sufficient for the purposes contemplated;

(b) That I should give him a letter of credit authorising my banker to honour his cheques to a certain specified extent, and charge such cheques to my account;

(c) That I should instruct my banker to transfer a specified sum to the credit of my agent thus opening a new account to which the cheques of my agent would be charged.

(a) The first method need not be discussed; for, though it is adopted in some departments, specially in those of Public Works and Railways, it is obviously not suited for general adoption;

(b) The second course is that at present followed and depends on the legal maxim *quidquid facit per alium facit per se*; the drafts of civil commissioners as agents of "accounting officers" are charged just as if they were drawn by the "Accounting Officer" himself.

(c) The third course is that recommended by the Committee. Under it specific sums would be charged to the "accounting officer," as advances made by him and credited to the accounts of the civil commissioners with the Treasury, and the drafts of civil commissioners would be charged to their own accounts in the Treasury.

Now both the present and proposed plans are capable of being satisfactorily worked, and whether or not the proposed plan constitutes an improvement on that now adopted, I shall be most happy to have it tried, and, if it be tried, I shall do my best to make it work satisfactorily, at the same time I am unable to recommend its adoption.

I am indeed keenly alive to the "sources of error, delays and misunderstandings" on which the Committee comments, for I have suffered from them as much as anyone; but they are not inherent in the system, and I fear that while the present difficulties would no doubt be obviated to some extent at least by the change proposed, they would only be replaced by a new crop not anticipated by the Committee. I do not however propose to discuss in detail the practical difficulties of the proposed plan (indeed I have not had time to think out step by step all the points where they are likely to arise), for I doubt whether in the absence of actual experience any arguments I could adduce would convince the advocates of the change that, if it be carried out, it will be beset by difficulties at least as great as existing ones. I only content myself with pointing out that the proposed plan would involve in certain directions many more entries than the present one, and that a saving in the number of drafts drawn, by which it is expected that the above increase will be counter-balanced, may be secured as easily under the one plan as under the other. I may be allowed to add that I have consulted Mr. Stewart, the Chief Manager of the Standard Bank, on the question, and he without hesitation approved of the principle marked (b) as consistent with, and condemned the proposed principle marked (c) as contrary to the usual banking practice and as involving many unnecessary entries. Further, as no interest is charged to public officers on amounts placed at their disposal to enable them to make payments, he could see no reason why the usual banking practice should be departed from. It is only right however to state that this approval of the principle at present followed does not commit Mr. Stewart to any approval of the details of the existing plan, with which he is unacquainted.

I quite concur in the expediency of amending the 18th Section of the Audit Act, but am by no means so clear that the clause suggested will meet the object in view. If however the principles to be carried out are agreed upon, the precise form of the amendment necessary to give effect to the principles will present no difficulty.

I entirely agree with Mr. Rose's views on this subject. Although not contained in the Imperial Act, it is very desirable that the Auditor should retain this power which need never be exercised without the knowledge, as certainly it never would be exercised in spite of the remonstrance of the responsible Minister himself. There have been one or two instances in connection with 1875 transactions in which it has been necessary to require returns under this section involving a good deal of labour, but if once the 1875 transactions are finally disposed of, returns involving much labour can but very rarely indeed be required. For ordinary purposes it would not in my opinion conduce to efficiency

An amendment of Section XVIII. of the Audit Act, page 5, and No. page 7.

The repeal of Section XIX. of the Audit Act, page 5, and No. 3, page 7.

1872, if the Auditor had to appeal to the Government every time he thought it necessary to verify an accountant's balances.

That the existing rules go so much into detail, page 6.

There are few financial transactions that cannot be done in half a dozen different ways, and so far from insisting on rigid adherence to minute rules, though it is very puzzling to my officers to find the same thing done one way by one accountant and another way by another, I have tried to bear as much as possible with the variations which are the expressions of individuality of different accountants. At the same time uniformity of practice is very desirable; indeed the Committee on Accounts in 1878 referring specially to Railway books, directed my attention to the necessity of having "an uniform system of bookkeeping in those departments instead of the diversity now prevailing," and there is no way of securing reasonable uniformity, but by clearly laying down in cases where half a dozen courses are open which one course should be followed. My officers obviously could not arrive at satisfactory results from the accounts of the whole Colony if they had to remember some half a dozen ways in which different accountants preferred to do one and the same operation. Nor can it fairly be objected that the existence of details tends to important rules being broken on an emergency, for competent or even fair accountants should not through ignorance break important rules even in an emergency, and when unimportant rules are broken, my officers try to put the matter straight and make a note on the account necessary to avoid its being the cause of any error in posting therefrom. At the same time even if the changes recommended by the Committee are not adopted, it is expedient that the rules and regulations drawn up in 1875 at a time when my acquaintance with the subject was mainly theoretical should be revised and amended in the light of practical experience.

That votes shall be taken for services coming in course of payment during the year, and the abolition of ministerial approval now required on "Arrear" accounts, page 6, and No. 17 of 12th May last, meets with my full concurrence.

That two separate accounts shall be kept of the Revenue account and the Paymaster-General's Account, pages 6 and 7, and Nos. 1 and 5, page 7, and 8.

Early in 1876 I was anxious to induce the Treasury to move in this direction. I now regard the proposal with comparative indifference, and may incidentally point out that a necessary, though not hurtful, consequence of the plan proposed would be a large overdrawn revenue balance at one period of each month, when sums much larger than the total cash balances have just been transferred on requisition to the credit of the Paymaster-General's Account. I do, however, regard it as of the utmost importance, whether the precise proposals of the Committee be adopted or not, that the Assistant Treasurer in his capacity as Paymaster-General should strictly confine himself to banker's duties, and I have no hesitation whatever in saying that if the Pass Books of "Accounting Officers" were kept by the Standard Bank they would be well kept, and many existing troubles of "Accounting Officers" would at once disappear.

That the regulations on the subject of deposits to be made by Civil Commissioners are too stringent, page 7, and Nos. 1 and 5, page 7.

This I have always felt; so much so that in framing the regulations in question I was careful to indicate by the precise words adopted by me that I was merely carrying out the instructions issued by the Treasury, dated 29th November, 1875. I agree with every word of the Committee's report on this subject save that the number of drafts drawn may be quite as much diminished by treating all drafts as remittances, as by the plan advocated by the Committee. I have further invariably discouraged as far as possible, without running in the face of the policy of

the Government set forth in the Treasury Circular of the 29th November, 1875, the practice of drawing so many Treasury drafts; and, for example, tried to induce the departments which drew a separate Treasury draft every month for each clerk, to follow the practice of my own office where I pay all my staff by one large draft.

I cannot conclude my remarks on the Committee's Report without warmly acknowledging, and thankfully accepting, the kind offer of the Committee "to place the varied experience which the different members of the Committee have acquired in the public service" at my disposal in framing new regulations. This would no doubt lead to the preparation of better regulations than any I could, without such aid, prepare. In the first place the gentlemen who have most to do with working a system are entitled to be consulted; secondly, where several courses are open one of which has to be selected, the combined judgment of several must always be better than that of one man; and, thirdly, the wording of regulations may be quite clear to my own mind, and yet may contain an obscurity to others, which, by the change of a few words, might be avoided.

It must not be forgotten that the new system essentially involves more work than the old one; why it should do so may be gathered from the Report of the Committee. The chief reason may be briefly stated as follows:—That under the old system the Treasurer, every Civil Commissioner, and the Crown Agents, were all really "Accounting Officers," though not so called, and anyone of them could bring expenditure to account against any one Vote. Hence any payment by a Civil Commissioner figured only in the account of the Civil Commissioner himself, and in no other account. But, under the Audit Act payments by Civil Commissioners must figure not only in their accounts but also in those of the "Accounting Officer;" that is, must really figure twice instead of once. This single point obviously doubles the work. The Committee naturally regards it as unlikely (page 5) that Parliament would vote separately the supplies for each division; but there is yet an alternative which has not been suggested by the Committee. It is, that the Act should be amended so as partially to revert to the 1875 system. The great practical difficulty in the present system depends almost solely on the fact that payment for many services in the country divisions, such as witness expenses, for example, cannot possibly be postponed until a draft drawn by the "Accounting Officer," in Cape Town is transmitted. This is now legally met by the Civil Commissioners drawing drafts chargeable to the "Accounting Officer's" account; and the Committee proposes that it should be met by the "Accounting Officer" making what would virtually be advances to the Civil Commissioner for that and other purposes. Now if the Audit Act were amended so as to render it competent that there should in certain cases be a number of "Accounting Officers" for one vote it might be arranged that Civil Commissioners should be "Accounting Officers" for all payments in the country divisions which could not be postponed until the receipt of drafts from Cape Town.

Of course the Appropriation Accounts for such services would have to be prepared in the Audit Office, and would have no explanations from the "Accounting Officers"; and it will be for the Parliament to consider whether, looking at the nature of the services now referred to, there would, by such partial reversion, be any practical loss or any practical weakening of the "guarantee" and "check" which the Audit Act of 1875 was intended to provide. I am disposed to think that there would not.

C. ABERCROMBIE SMITH,

Controller and Auditor-General.

Controller and Audit Office,
23rd July, 1879.

1879.

APPENDICES G., H. AND I. (Not printed.)

(Letters from the Treasury to the Colonial Secretary concerning Transkeian Territorial Deposit Account and suggesting that the balances should be paid to Revenue, and Controller and Auditor-General's Report thereon annexing the following statement:—

N.B.—The amounts Marked * have not heretofore figured in the accounts of the Colony.

	Idutywa Reserve.			Grignaland East.			Fingoland.			St. John's.			TOTAL.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Revenue ...	*3679	1	6	*11776	11	4	*4369	14	4	*4937	9	9	*29762	16	11
Remittances ...	*4397	4	1	*7559	18	2	*2250	7	10	*5332	13	11	*19640	4	0
<i>Deposits:—</i>															
Postage ...	*45	10	0	*66	2	11	...	...	...	*80	17	10	*192	10	9
Money Orders ...	...	...	...	*551	4	10	...	...	...	...	...	...	*551	4	10
Premiums ...	...	...	...	*14	2	3	...	...	...	...	...	...	*14	2	3
S. Bank ...	...	...	...	*107	18	6	...	...	...	...	...	...	*107	18	6
Advances ...	...	...	...	...	...	...	*45	19	4	*2	17	10	*48	17	2
Loans ...	...	...	...	...	...	...	*400	0	0	*1015	13	2	*1445	13	2
Receipts on behalf of Sec. Native Affairs ...	*15	8	0	...	...	...	...	...	...	*8	4	10	*23	12	10
	8137	3	7	20075	18	0	12166	1	6	11407	17	4	51787	0	5
Cash Payments															
1876-78 ...	1811	5	0	17237	1	8	5178	19	10	8680	8	4	32907	14	10
Arrears, 1874 to 1875	*222	15	0	*741	18	10	*1163	0	6	*1650	17	1	*3778	11	5
<i>Deposits:—</i>															
Repaid Postage ...	*45	10	0	...	...	...	...	...	...	*79	4	11	*124	14	11
Money Orders ...	...	...	...	*3	15	0	...	...	...	...	...	...	*3	15	0
Premiums ...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
S. Bank ...	...	...	...	*2	10	0	...	...	...	...	...	...	*2	10	0
Advances ...	...	...	...	...	...	...	*45	19	4	*2	17	10	*48	17	2
Loans ...	*300	0	0	...	...	...	*400	0	0	*745	13	2	*1445	13	2
Remittances ...	*5693	6	11	*341	7	0	*4640	1	0	*3	0	0	*10680	14	11
	8072	16	11	18329	12	6	11428	0	8	11162	1	4	48992	11	5
Balance in Chest on 30th June, 1878	64	6	8	1746	5	6	738	0	10	245	16	0	2794	9	0
	8137	3	7	20075	18	0	12166	1	6	11407	17	4	51787	0	5
Salaries and Allowances ...	...	...	...	*235	0	0	...	...	...	...	...	...	*235	0	0
Education ...	...	...	...	...	...	...	*403	11	8	*47	10	0	*451	1	8
													686	1	8

C. ABERCROMBIE SMITH,

Controller and Auditor-General.

APPENDIX J. (Not printed.)

(Information supplied by the Assistant Treasurer concerning the state of the Treasury Accounts at the time of his taking office and the steps he had taken to put matters upon a satisfactory footing and discussing the treatment of expenses of raising loans and the premiums and discounts on the same).

APPENDIX K. (Not printed.)

(Report of the Controller and Auditor-General dated 18th August, 1879, on certain stores transactions in the Railway Department, with correspondence concerning same.)

1880.

COMMITTEE :

HON. J. GORDON SPRIGG (Colonial Secretary), Chairman.	
Hon. J. X. Merriman.	Mr. W. M. Farmer.
Mr. J. Walker.	.. J. A. de Wet.
.. L. A. Vincent.	.. P. J. Stigant.

REPORT.

1. Your Committee having gone through the Report of the Controller and Auditor-General and Appropriation Accounts for the year 1878-79, desire to place on record their approval of the manner in which the accounts are rendered, and to intimate their satisfaction at the indications that the audit has been materially improved and expedited since the initiation of the primary departmental audit which has been recently established.

2. In some respects the audit is still somewhat in arrear, but the war accounts being now nearly closed, your Committee trust that when the next annual report is presented it will appear that the audit is kept as close up to date as is possible under a thoroughly efficient system of audit.

3. The expectation entertained that the institution of a primary audit would lead to a material diminution of the establishment of the Controller and Auditor-General has not been realised, owing mainly to the large increase in various departments of the Government, consequent upon the expansion of trade and territory and the steadily increasing prosperity of the country.

4. Your Committee recommend that the attention of Government be drawn to the memorandum of suggestions (made at the request of this Committee by the Controller and Auditor-General) "to secure the correct rendering and prompt closing of the Pass Books of the Accounting Officers," in order as far as practicable to give effect thereto.

5. Your Committee feel compelled to call attention to the large excess of expenditure over votes incurred in the department of the Chief Inspector of Public Works upon the Governor's town and country residences, and to express a hope that in future the expenditure in this particular will be kept within the amount sanctioned by Parliament.

6. The railways sanctioned by Parliament being now nearly completed, the time has arrived when it appears expedient that the very large amounts voted for the working and maintenance of railways should be placed upon the Estimates in a detailed form under separate heads, so that an opportunity may be afforded to Parliament of knowing how the money is spent, and of comparing the economical management of the different systems with each other, and your Committee recommend that these particulars be shown upon next year's Estimates of Expenditure.

7. To ensure a complete check upon the granting of pensions and gratuities, your Committee recommend that the Controller and Auditor-General annually transmit to Parliament, through the Colonial Secretary, within fourteen days of the commencement of the Session, a detailed list of pensions and gratuities awarded since his last report down to the latest possible date.

8. The Treasury deficiency account of some years' standing having been finally closed, your Committee concur in the opinion of the Controller and Auditor-General that the amount of the deficiency should be voted.

9. It appears from the report of the Controller and Auditor-General that the following expenditure has been incurred, for which no Parliamentary authority has been given, viz. :

1880.

	£	s.	d.
Arrears, 1875, brought to charge in 1878-79	1,435	8	9
Deficits on votes for the financial year 1878-79	140,570	1	3
Deficits on Appropriations under special Acts of Parliament	399,470	7	10
	<hr/>		
	547,475	17	10
Treasury deficiency	49,611	9	4
	<hr/>		
	£597,087	7	2

To cover these several amounts your Committee recommend that a Bill be submitted for the sanction of Parliament.
July, 1880.

APPENDIX A. (Not printed.)

(Return of Floating Debt on the 31st May, 1880.)

APPENDIX B.

Office of the Controller and Auditor-General,
Cape Town, 16th June, 1880.

MEMORANDUM.

Suggestions as to the best course to be followed to secure the correct rendering and prompt closing of the Pass Books of "Accounting Officers" prepared at the request of the Hon. Committee on Public Accounts.

I recommend the adoption and enforcement of the following rules:--

A.—DUTIES OF TREASURY.

vide Railway
regulations of
17th January,
1879, Section 13.

1. To transmit to each "Accounting Officer" his Pass Book duly and correctly posted to the end of any month not later than the middle of the following month, and to correct its own errors as soon as they are discovered, or pointed out.

2. To correct promptly all errors in any Pass Book on receiving from an "Accounting Officer" such an intimation of their existence, or authority for their correction as would in similar circumstances be deemed sufficient by a Banker. In case of doubt the Controller and Auditor-General to decide on the sufficiency of any such intimation or authority.

3. To carry out the suggestion of the Colonial Office in its letter of the 16th December, 1879, quoted in paragraph 91 of my Report 1878-9.

4. To correct promptly every error of which the Controller and Auditor-General may direct the correction, whether by observation or by letter, following the spirit of Colonial Office letter of December, 1879, printed as Annexure B 3 to my Annual Report 1878-9.

B.—DUTIES OF "ACCOUNTING OFFICER."

5. To accept as far as entries in the Treasury Pass Book are concerned the acts of his recognised Agents, and in the case of any amount wrongly put to his credit by any of his Agents, to issue whatever intimation or authority may be deemed necessary to secure its transference to the proper account.

6. To carry out, *mutatis mutandis*, the 14th, 15th and 16th Sections of the Railway Regulations, dated 15th January, 1879, and generally to do all in his power to cause his Pass Book for any year to be closed at the earliest possible date.

C.—DUTIES OF CONTROLLER AND AUDITOR-GENERAL.

7. To decide in cases of doubt as to the sufficiency of any intimation on authority issued by an "Accounting Officer" under the 3rd Section hereof, and should any authority seem to him insufficient, to decide, subject to appeal to the Government, in what form and by whom the necessary authority should be issued.

8. Himself to direct the correction of any errors in Pass Books which (such as amounts erroneously lodged as Revenue) cannot in his opinion be properly corrected on the authority of any "Accounting Officer."

9. To watch the Pass Books and cause them to be correctly kept and promptly closed.

10. To use as far as possible stereotyped forms which should be approved of by Government.

Should the Government promptly decide on all questions submitted to it for decision under these rules, and strictly enforce prompt obedience to its decisions on all officers concerned, I feel confident that the object which the Committee has in view will be secured.

As intimately connected with this subject, I may add that if the following rule were adopted: "All transferences between the Revenue Accounts of the Colony and any deposit account must figure in the accounts rendered to the Audit Office by the officer through whom the adjustment is made, as well as in the "Deposit Account Pass Book," most of the differences between my deposit account balances and those of the Treasury, referred to in paragraph 97 of my Report 1878-9 would disappear.

C. ABERCROMBIE SMITH.

Controller and Auditor-General.

APPENDIX C. (Not printed.)

(Memorandum of the Controller and Auditor-General giving certain instructions concerning the examination of vouchers).

APPENDIX D. (Not printed.)

(Return showing dates upon which appropriation accounts were rendered and passed.)

APPENDIX E. (Not printed.)

(Memorandum of the Assistant Controller and Auditor dated 10th June, 1880, showing that the introduction of departmental audit had not so far relieved the head office.)

APPENDIX F. (Not printed.)

(Letter from the Accountant of the Public Works Department explaining deficit on Vote 47 of 1878-9.)

1881.

COMMITTEE.

HON. J. C. MOLLENO (Colonial Secretary), Chairman.	
Hon. J. X. Merriman.	Mr. J. A. de Wet
Mr. J. Walker.	.. W. M. Farmer.
.. L. A. Vincent.	.. W. Fleming.
.. P. J. Stigant.	.. F. H. S. Orpen.
Hon. J. Gordon Sprigg.	

REPORT.

1. Your Committee have gone through the report of the Controller and Auditor-General and the Appropriation Accounts for the financial year 1879-80. They have also examined the Controller and Auditor-General upon certain points, and the evidence of that officer is appended to this report.

2. Your Committee desire to express their satisfaction at the manner in which the public accounts are now kept and audited; and they are

1880.

Tab. Annexum
Bl. to Report
1878-9 and Pa
101, 1877-8.

1881. — glad to notice the existence of more cordial co-operation between the Treasury and the Audit Office.

3. The Controller and Auditor-General has made a suggestion respecting the custody of stamps, to the effect that "the three keys of the vault should be held:—1st, the principal key (heretofore held by the Treasurer) by the Assistant Treasurer, the custodian of the great stock of stamps; 2nd, the minor keys by the Auditor-General and the Under-Colonial Secretary; thus substituting two permanent heads for the two ministers." Your Committee recommend the adoption of this proposal; and, further, that measures should be taken to secure the entire withdrawal and destruction of all obsolete stamps.

4. The attention of the Committee has been drawn to the subject of the salaries paid to the Controller and Auditor-General and Assistant Auditor, under Act 30 of 1875. It appears from evidence before your Committee that the work of the department has been considerably augmented since the passing of the Act under which the present salaries were fixed; it also appears that the salaries of the principal officers of other departments have been increased, thus affecting the relative position of such officers to the Controller and Auditor-General and the Assistant Auditor. Your Committee have also had before them some correspondence which has passed between the officers in question and the Government on this subject, as well as a draft bill to amend, in this and other respects, the Act 30 of 1875. These documents will be found in the Appendix. While the Committee agree that it is advisable to so amend the Audit Act, they fear it would not be practicable to pass a bill through Parliament at the present advanced stage of the session; but they recommend that such a bill be introduced next session.

5. With reference to the instructions from the House, dated the 25th May, 1881, on the subject of the codification, classification, etc., of all financial regulations, Acts, etc., etc., your Committee are of opinion that as soon as the new system of departmental bookkeeping is introduced it will be advisable and necessary to codify and classify the regulations, etc., in accordance with these instructions, for the guidance of civil commissioners, accounting officers, and other financial officers.

6. It appears from the report of the Controller and Auditor-General that the sum of £351,435 3s. 3d. has been expended without the necessary authority; and they recommend that a bill to cover that amount be submitted for the sanction of Parliament.

18th June, 1881.

APPENDIX A. (Not printed.)

(Letter from Treasury to Distributor of Stamps, dated 5th June, 1881, concerning Distributor being relieved of the vending of revenue stamps.)

APPENDIX B. (Not printed.)

(Letter from the Controller and Auditor-General to the Chairman of the Committee on Public Accounts, dated 16th June, 1881, re custody of keys of the Treasury vault.)

APPENDIX C.

(Correspondence on the subject of the salaries of the Controller and Auditor-General, and the Assistant Controller and Auditor, the following memorandum only being here printed:—

MEMORANDUM.

Copy.]

Office of the Controller and Auditor-General,
Cape Town, 3rd July, 1880.

It having been announced in Parliament that Griqualand West will be annexed to the Colony within a couple of months, it is expedient in view

of my approaching departure for Europe that I should express my views on the subject.

1. From what I have gathered from various sources the accounts of Griqualand West are in a state which cannot be called satisfactory. I have even heard of large expenditure in connection with the disturbances, for which no vouchers exist, and it would be grossly unfair to this office—the staff of which has been so burdened with its own old arrears, and has been calculated on a scale which leaves no margin for the great expenditure of labour which clearing up confused accounts entails—to throw upon it the burden of clearing up the accounts of that territory.

2. I should therefore be opposed to our accepting any responsibilities beyond that of taking over the cash balances on the date of annexation and accounting for all subsequent receipts and payments.

3. But even this will be no light matter, for, to avoid double payments either this office or the “accounting officers” concerned must have means of knowing whether any accounts for services previously rendered, which may be subsequently presented, have or have not been paid, and to check the collection of revenue I must have the fullest particulars in detail of all outstanding revenue and of all accruing revenue.

4. An increase on both sides of my office (revenue and expenditure) will therefore be necessary, but of the extent of such increase I have no data on which to form an opinion, beyond this, that it will obviously require more men to make a start and open the necessary books than afterwards to carry on the work.

5. The Griqualand West staff should work out their own mistakes and make out complete detailed statements of assets and liabilities for my guidance, and should recover all outstanding advances.

6. And in connection with this proposed annexation the time has arrived for a reconsideration of the remuneration of the Controller and Auditor-General and the Assistant Controller and Auditor. It is not that I personally wish to obtain more money for my services, but in view of the semi-judicial nature of my duties, and my position in the permanent Civil Service next after the Judges, and of increases granted to others, the present salary of the office no longer holds the proper relative position to other salaries.

7. For when the salary was in 1875 fixed at £900 per annum, that of the Under-Colonial Secretary was £700—it is now £1,000; that of the Assistant Treasurer also £700—it is now £850; that of the Assistant Commissioner £500—it is now £700; that of the Railway Engineer £1,000—it is now £1,200; that of the Chief Inspector £1,000—it is now £1,200; while the salaries of the Ministers have been increased by £550 in the case of the Premier and £500 in the case of the other Ministers; and the Superintendent-General of Education now virtually draws £1,000 per annum.

8. And the salary of the Assistant Controller and Auditor, which was in 1875 fixed at £600 per annum, has likewise been stationary, when other corresponding salaries have been largely increased.

9. To show this I need not repeat any of the facts already stated, but may further quote:—The Telegraph Manager in 1875 drew £550 he now draws £900; the Surveyor-General in 1875 drew £700 he now draws £800; the Postmaster-General in 1875 drew £600 he now draws £700; the Under Secretary for Native Affairs in 1875 drew £300 he now draws £600; the Assistant Collector of Customs in 1875 drew £500 he now draws £600; the Assistant Surveyor-General in 1875 drew £400—he now draws £550; the Chief Clerk, Attorney-General's Department, in 1875 drew £450 he now draws £500; Clerk, Legislative Council, in 1875 drew £500—he now draws £600; the Clerk, House of Assembly, in 1875 drew £500—he now draws £600; Chief Clerk, Colonial Office, in 1875 drew £310 he now draws £500; Secretary and Examiner, Educational Department, in 1875 drew £350—he now draws £450.

1881.

10. And if the objection be raised that in positions of a semi-judicial character no increase should be made until vacancies occur, an objection not sustained in the cases of the judges when their salaries were increased from £1,200 to £1,350, and then to £1,500, in that case neither should the duties and responsibilities of the offices be indefinitely increased by the annexation of fresh territories.

11. And in any event, in view of our official status as compared with other officers, the question should not be left until a vacancy arises, for if any increase to the present occupants is refused on the above ground, the refusal should be distinctly put as made on that ground, and the provision for increased rates to our successors should be made *now*.

12. As I can have no personal interest in what my successor may draw, I am free to urge very strongly proper consideration being given to his relative status, and to that of the Assistant Controller and Auditor.

C. ABERCROMBIE SMITH.

APPENDIX D.

BILL TO AMEND IN CERTAIN RESPECTS ACT NO. 30 OF 1875.

Whereas it is expedient to amend, in certain respects, the Act No. 30 of 1875, entitled the "Audit Act, 1875": Be it enacted by the Governor of the Cape of Good Hope, with the advice and consent of the Legislative Council and House of Assembly thereof, as follows:—

I. The second and eighteenth sections of Act No. 30 of 1875 are hereby repealed.

II. There shall be paid out of the public revenue to the Controller and Auditor-General of Public Accounts a salary of _____ pounds per annum, and to the Assistant Controller and Auditor a salary of _____ pounds per annum.

III. All persons in the public service of this colony, having the custody, receipt or payment of public money, and all public bodies or persons whose accounts the Controller and Auditor-General may be directed by the Government, under the provisions of the 8th section of the "Audit Act, 1875," or required by Act of Parliament to examine, inquire into, or audit, shall periodically render true and correct accounts of all moneys received, and of all moneys disbursed, issued, or expended by them during the period to which such accounts relate; and such accounts shall be prepared in such manner and form, and transmitted at such times and to such departments or officers respectively, as may from time to time be prescribed in any regulations made under the provisions of the sixth section of the "Audit Act, 1875"; and if any person shall wilfully and corruptly make any declaration required of him under any such regulation, in order to verify any such account, knowing the declaration, or the account verified by it, to be untrue in any material particular, he shall be deemed to be guilty of the offence of wilfully making a false declaration, and shall, upon conviction thereof, suffer such punishment as shall be by law provided for the crime of perjury.

IV. This Act may be cited for all purposes as the "Audit Act Amendment Act, 1881."

APPENDIX E.

No. 949.]

Office of the Controller and Auditor-General,
Cape Town, 15th June, 1881.

The Chairman of the Committee on Public Accounts.

SIR.—I have the honour to transmit herewith a draft new fourth section, prepared by me at the request of the honourable Committee on

Public Accounts, for introduction into the draft Bill at present under its consideration. The present fourth section will thus become the fifth.

I have, etc.,

C. ABERCROMBIE SMITH.

Controller and Auditor-General.

IV. In conducting the examination of the vouchers relating to accounts of a public nature, which the Controller and Auditor-General may, as aforesaid, be directed by Government or required by Act of Parliament to examine, inquire into, and audit, he may (if authorised by the Government so to do) require the person or persons whose duty it is to prepare or render such accounts, to certify thereon that the vouchers have been completely checked and examined and are correct in every respect, and upon being satisfied that such vouchers bear evidence that this has been done, and that they have been allowed and passed by the proper authorities, may admit the same as satisfactory evidence in support of the payments to which they relate: Provided always, that if the Government should desire any such vouchers to be examined by the Controller and Auditor-General in greater detail, he shall cause such vouchers to be subjected to such a detailed examination as the Government may think fit to prescribe.

1882.

COMMITTEE:

HON. SIR J. C. MOLTENO (Colonial Secretary), Chairman.

Hon. J. Gordon Sprigg.

Mr. L. A. Vincent.

„ J. A. de Wet.

„ P. J. Stigant.

Mr. W. M. Farmer.

„ W. Fleming.

„ F. H. S. Orpen.

„ J. Walker.

REPORT.

Your Committee having read the Report of the Controller and Auditor-General, and carefully examined the Appropriation Accounts for the financial year 1880-81, and taken the evidence of the Controller and Auditor-General, and that of the Assistant Treasurer, upon several matters, beg to report as follows:

1. Your Committee are glad to observe that, as the requirements of the Audit Act and the system of Audit become better understood by the various financial officers throughout the Colony, a corresponding improvement takes place in the keeping of the Public Accounts, and the method of submitting the financial affairs of the country to the scrutiny of Parliament. Before, however, that perfect and efficient check, which it is the object of the Audit Act to secure, can be obtained, it may be necessary to amend the existing Act in certain respects; and your Committee have had under consideration a Draft Bill for that purpose, and for the creation of a Contingencies Fund, in order to limit and regulate the issue of Premier's Warrants, as well as for giving effect to the recommendation of the Committee on Public Accounts of last year, with reference to the salaries of the Controller and Auditor-General and Assistant Auditor, the further consideration of which Bill they propose to resume next Session.

1882.

2. In the seventeenth paragraph of his Report, the Controller and Auditor-General suggests that arrears of House Duty, etc., which are deemed irrecoverable should be "written off, and not allowed indefinitely to encumber the books"; but that a return of all such cases should be submitted annually to Parliament. Your Committee are of opinion that no taxation should be remitted or written off until the authority of Parliament has been first obtained; and they recommend that at every Session of Parliament the Government should submit a statement, showing what amounts of taxation they consider irrecoverable, and which they propose should be written off, in order that the sanction of Parliament may be obtained thereto.

3. The Controller and Auditor-General, in paragraph 134, *et seq.*, of his Report, under the head of "Treasury Deficiency Account," expresses his disapproval of the practice in the Treasury of keeping the deposits account as a fund from which any deficiencies may be met. Your Committee have to express their full concurrence in this disapproval of the Controller and Auditor-General.

4. Your Committee direct attention to the Controller and Auditor-General's note B to Vote 1, by which it appears that an item of £3,798 5s. 3d., advanced to the Imperial Government for transport of His Excellency the Governor beyond the limits of the Colony, still remains unadjusted, and they presume that when that amount is recovered it will be brought up as revenue in the manner indicated.

5. Your Committee recognise with satisfaction the steps taken by the Controller and Auditor-General, as indicated in paragraphs 106-7-8 of his report, to give effect to the recommendation of the Committee on Public Accounts of 1881, in the 5th paragraph of their report, and trust that the code of regulations referred to will shortly be completed; they also recommend that the Government should take into consideration the expediency of extending the codification to the other departments of the Service.

6. The Report of the Controller and Auditor-General shows that arrears for 1875 were brought to charge in 1881, amounting to £295 5s. 8d.; and the amended statement of the Controller and Auditor-General, as published in the Appendix, shows that the excess of Expenditure over Votes and Appropriations for the Financial Year ended 30th June, 1881, were as follows:—

1. Ministerial Division No. 1	£32,899 16 7
2. Ministerial Division No. 2	9,149 15 9
3. Ministerial Division No. 3	206 12 6
4. Ministerial Division No. 4	83,330 18 8
5. Ministerial Division No. 5.	
Native Chiefs, Councillors and	
Headmen. Vote 80	£16 14 0
Inspectors and Constables Vote 81	121 5 3
Inspectors of Natives, etc., Griqualand West Vote 81½	72 18 4
Miscellaneous. Vote 83	15,918 0 10
Tembuland. Vote 86	367 10 3
Griqualand East. Vote 87	814 16 4
Fingo Delegates. Vote 88½	29 7 6
	<hr/>
	17,340 12 6
	<hr/>
	£142,927 16 0

It will be necessary for the Government to submit Bills to cover these amounts, for the sanction of the Legislature.

9th June, 1882.

APPENDIX A.

1882.

Amended Statement, showing the Amount to be Voted in the Session of 1882 to Cover Deficit on Votes and Appropriations for the Service of the Financial Year ended 30th June, 1881.

Vote.	Service.	Amount.			Total.		
		£	s.	d.	£	s.	d.
	Ministerial Division No. 1	...			32,899	16	7
	Ministerial Division No. 2	...			9,449	15	9
	Ministerial Division No. 3	...			206	12	6
	Ministerial Division No. 4	...			83,330	18	8
	Ministerial Division No. 5 :						
80	Native Chiefs, Councillors, and						
	Headmen	...	16	14	0		
81	Inspectors and Constables	...	121	5	3		
81½	Inspectors of Natives, &c., Gri-						
	qualand West	...	72	18	4		
83	Miscellaneous	...	15,918	0	10		
86	Tembuland	...	367	10	3		
87½	Griqualand East	...	811	16	4		
88½	Fingo Delegates	...	29	7	6		
					17,340	12	6
	Amended Amount	...			112,927	16	0

NOTE.—The Amendments are as follows :—

Vote 76.—Deficit Withdrawn	...	...	£7	10	0
Vote 81½.—Deficit of	...	£358	4	4		
Reduced to	...	72	18	4		
				285	6	0
Total Reduction	£292	16	0

C. ABERCROMBIE SMITH.

Control and Audit Office, 31st May, 1882.

1883.

COMMITTEE :

HON. T. C. SCANLEN (Colonial Secretary), Chairman.

Mr. J. A. de Wet,	Hon. J. Gordon Sprigg,
„ T. E. Fuller,	Mr. P. J. Stigant,
„ L. H. Goldschmidt	„ L. A. Vincent,
Hon. H. A. Pearson,	„ J. Walker,

FIRST SPECIAL REPORT.

Your Committee have had under consideration the Report of the Controller and Auditor-General on Vote 23, with the Memorandum of Mr. Speaker and the Auditor's Reply thereto, and have adopted the following Resolutions :—

I. This Committee are of opinion that, according to Parliamentary principle, the House of Assembly should have and retain the entire control over all moneys placed at its disposal for the several purposes for which the same are voted or required ; and should exercise, according to the usage of Parliament, the sole supervision over the administration

of the Expenditure incidental to the necessary charges of the House or its own internal economy.

II. That, having regard to such principle and usage, the Committee recommend the adoption of the following Rules:

1. That Mr. Speaker shall institute and direct such Audit in reference to all accounts, receipts, or payments, as he may deem necessary or requisite, and shall, from time to time, acquaint the House through the Public Accounts Committee, of the method or rules adopted by him in regard thereto.
2. That the Public Accounts Committee shall every year, at its first meeting, receive a Report from Mr. Speaker, with the Accounts and Audit of all Expenditure during the past year; and the said Committee shall deal therewith as they may deem requisite.
3. That the Accounting Department of the House be removed from that of the Colonial Office, to which it is at present attached, and from the control of the Auditor-General; and that all moneys needed for the Service of the House shall be applied for and drawn on the Treasury, subject to the approval of Mr. Speaker.

III. That, with regard to the pending accounts, the Controller and Auditor-General should be guided by the foregoing Rules.

9th August, 1883.

1883.

SECOND SPECIAL REPORT.

Your Committee beg to report that they have passed a Resolution adopting the Rules, drafted by Mr. Speaker, for Auditing Accounts for "Parliamentary Services, House of Assembly."

Your Committee have also resolved that, in the opinion of this Committee, effect should be given to their Report of the 9th instant, submitted to the House, by the introduction of a Bill on the part of the Government, and that the Rules bearing thereon, with this Resolution, be reported to the House.

30th August, 1883.

1883.

THIRD SPECIAL REPORT.

Your Committee have to report that it appears from the Report of the Controller and Auditor-General, paragraph 175, that the Unauthorised Expenditure requiring to be Voted amounts to the sum of £69,155 4s. 10d., namely:—

Deficits on Votes	£34,475 10 10
Deficits on Appropriations, under Special Acts of Parliament	34,679 14 0
	<hr/>
	£69,155 4 10

It will be necessary that a Bill to cover this amount should be introduced by Government for the sanction of Parliament.

10th September, 1883.

1883.

FINAL REPORT.

Your Committee having gone through the Report of the Controller and Auditor-General, and considered the Appropriation Accounts with the Auditor's remarks thereon, taking the Evidence of several witnesses on the various points which presented themselves for investigation, beg to report as follows:—

I.—TRAVELLING INSPECTOR.

In paragraphs 26 to 27 of the Report, the Controller and Auditor-General recommends the appointment of a Travelling Inspector, attached to his office; and also suggests in paragraph 27 that it should be the duty of every person who temporarily or permanently assumes the duties of Civil Commissioner at any station, to report on the state of the Books and Accounts, in accordance with a carefully considered series of questions, and transmit such report to the Audit Office. Your Committee, after giving due consideration to these proposals, are not prepared to recommend the immediate adoption of the one for appointing a Travelling Inspector; but they consider that the suggestion with reference to Civil Commissioners should be carried out.

II.—SURCHARGES TO ACCOUNTING OFFICERS.

Your Committee have given attention to the suggestion contained in paragraphs 106 to 109 of the Report of the Controller and Auditor-General, *i.e.*, that a Section should be introduced into the proposed "Audit Act Amendment Act," making it incumbent upon Paymasters, by whom any officer is surcharged, to recover such charges when necessary, by stopping a portion, not exceeding one-fourth, of the salary then due to any officer so surcharged. The suggestion meets the approval of the Committee, and they recommend that a Section similar to that contained in paragraph 109 be included in the proposed Bill.

III.—ENGINEERS' TRAVELLING ALLOWANCES.

With reference to the remarks of the Controller and Auditor-General, under the head of "Travelling Allowances" in paragraphs 126 to 139 of his Report, it appears that through some misunderstanding, explained in the Evidence of the General Manager of Railways, an irregularity occurred. Your Committee concur in the remarks of the Controller and Auditor-General, and recommend that the attention of the Department should be directed thereto.

IV.—MEMBERS' TRAVELLING ALLOWANCES.

The remarks contained in paragraphs 2 to 16 of the Auditor's Report on Vote 23, have had the consideration of your Committee, and they instructed the Clerk of the House to frame a scale of distances, which should serve as a guide to that officer for all future payments under the 90th Section of the Constitution Ordinance. That scale will be found with the Appendix. But your Committee find the subject surrounded with difficulties that cannot be met without special legislation, and they therefore recommend that the Clerk of the House should continue to be guided by the Resolution adopted by the House on the 2nd July, 1861, and that there should be no immediate departure from the present system.

V.—ACCOUNTS OF THE HOUSE OF ASSEMBLY.

With reference to the Auditor's remarks on Vote 23, paragraphs 28 to 32, the Committee have already reported specially, recommending certain principles and rules for the guidance of the Controller and Auditor-General.

1883.

VI.—RAILWAY ACCOUNTS.

Your Committee have had under consideration the Statement of the Controller and Auditor-General, contained in paragraph 6 of his Report on Vote 78, in which he states, referring to the manner in which Reports, etc., are furnished by the Western System of Railways, "the Western System now possesses the evil pre-eminence."

The Evidence of the General Manager and the Assistant Commissioner on this subject, which will be found appended to this Report, will, your Committee believe, sufficiently explain the matter.

15th September, 1883.

APPENDIX A. (Not Printed).

(Statement of amount realised on loan for construction of Houses of Parliament.)

APPENDIX B. (Not Printed).

(Letter from the Assistant Commissioner of Crown Lands and Public Works dated 13th July, 1883, concerning allowance to Architectural Assistant for supervising erection of Houses of Parliament.)

APPENDIX C. (Not Printed).

(Memorandum from the Under Colonial Secretary to the Prime Minister dated 13th July, 1883, on allowance to Mr. H. de Smidt, Chief Clerk, Colonial Office.)

APPENDIX D. (Not Printed).

(Memorandum from the Accounting Officer, Colonial Secretary's Department, concerning a fee paid to the Civil Commissioner of Clanwilliam for special services.)

APPENDIX E. (Not Printed).

(Memorandum from the Accounting Officer, Colonial Secretary's Department, explaining deficit on Vote for Police and Gaols 1881-2.)

APPENDIX F.

MEMORANDUM OF MR. SPEAKER—PRINTING ACCOUNTS, ETC.

Cape Town,

26th July, 1883.

To the Chairman of the Public Accounts Committee.

SIR.—The Speaker desires me to submit for the consideration of the Committee of Public Accounts the enclosed memorandum, by himself, bearing on the points raised by the Auditor in his Annual Report, and also in reference to the printing accounts, to which reference is made in said Report.

I have, etc.,

JNO. NOBLE,

Clerk of the House of Assembly.

MEMORANDUM BY THE HONOURABLE THE SPEAKER OF THE HOUSE OF ASSEMBLY.

1. The Auditor-General in his report on the Accounting Department of the House of Assembly questions the applicability of the rule to himself as such Auditor of non-access to papers not ordered to be printed.

2. The Parliamentary rule provides for and secures the privileges of the House in regard to all matters the subject of enquiry before a Select Committee duly reported but not ordered to be printed, by allowing to members only access to such papers, and liberty to make

copies thereof; and a special rule of the Standing Rules and Orders Committee provides "that every member is entitled to read and take "extracts from or copies of all papers laid on the table, and that it "will depend upon the use which the member makes of the contents "whether or not he may become charged with a breach of the privileges "of the House."

3. Under this rule no official, not a member, is entitled to have access to, nor could I allow him to make copies of papers not intended to go beyond the stage of presentation and deposit on the table of the House. Over the officers of the House I can exercise control in regard to papers in the custody of the Clerk, who takes his instructions from myself as Speaker, but such control could never be exercised by me over those who are not in the strictest sense officers of the House.

4. The Auditor-General is, I conceive, under the Audit Act an officer of the House, in that he reports to and takes his instructions from the House, acting on the report or instructions of the Public Accounts Committee, but his position as such officer is exceptional, and he is not, nor are his subordinates placed, in regard to the Speaker, in the position occupied by those who accept their instructions from the Speaker as the Chief Executive of the House and the custodian of its privileges. When, therefore, after the Select Committee had reported on the question submitted to it, and no order for the publication of its proceedings had been made, the Auditor-General applied for a perusal of these papers, I felt bound to preserve the privileges of the House and to respect the rule before quoted, but nevertheless went so far as to allow a perusal of one of the papers in order to enable the Auditor to understand the question which, but for that document, would not be intelligible, and I felt I was going even then beyond the position assigned me in regard to the practice of the House.

5. But I conceive the position of this House and its officers in regard to the Auditor-General is different from that assumed or understood by any other Department. The Speaker is empowered to grant his approval to all expenditure which may be considered necessary for the proper conduct of business; to the House he is directly responsible for the exercise of that authority; and in regard to the printing—over which I must say the Clerk watches with zealous and prudent interest—and any other expenditure for which such approval is constantly required, the Speaker's authority must be accepted in terms of the Government letter of the 6th July, 1876, which directs "that the "Internal arrangements of the House should be left to its own control, "and therefore that the Speaker's own approval should be endorsed on "all accounts for extra expenses incurred during a Session of Parliament," a copy of which letter was sent to the Auditor for his guidance in future, and also in terms of the Order of the House in January last on the report of the Select Committee "that accounts for printing "should, as part of the internal arrangements of the House, be left to "its own control, and that the Speaker's approval endorsed on all "accounts certified to by the Clerk of the House, should be sufficient "authority for the Controller and Auditor-General in accordance with "the instructions given by Government on the 6th July, 1876." And I therefore hold that these accounts should be subject to an audit similar to that required of all other accounts approved of by the Speaker.

6. But since the Order of the House was declared in January last, the Auditor's objections and queries have increased, and in addition to the objections again raised to the accounts, which then formed the subject of the Select Committee's investigation, the Clerk has now submitted to me further queries just received from the Auditor, which are forwarded herewith as an illustration of the action of the Auditor.

1883.

7. All correspondence and queries received from the Auditor are usually submitted to me by the Clerk, who, prior to the payment of the account had procured my approval thereto, and he desires to know the view I take of the character of the objections urged and the mode in which the same should be dealt with.

8. Now whilst allowing the utmost zeal to the Auditor and the "expert," I am bound to state that the objections raised are for the most part frivolous, and all are easy of explanation, and I fear a great portion of the Auditor's valuable time appears to be unnecessarily consumed in checking what he considers to be the apparent delinquencies of this department.

9. But I must present to the Committee my view of the position, which I now submit to it, and I would desire a clear and definite solution of that position as regards myself and the authority which, on behalf of the House, I am directed to exercise.

10. The practice for some years past has been for the Clerk to submit to the Speaker all accounts for "approval" under his signature, such accounts including "payments for extra messengers," "books for the Library," "newspaper subscriptions," "rent of premises," "binding papers and records," and a large number of miscellaneous matters, including the printing under and in excess of contract. Each and all of these accounts are strictly examined by the Clerk, the printer's charges, both as regards the quantity of work performed and its application to his contract, being narrowly investigated, all erroneous charges deducted, explanations required of the printer, and all reported to me, after which I certify my approval of the account and direct the payment thereof. If then the Auditor some months afterwards sends in an elaborate report that in his opinion a title page was not needed, or a sheet had not sufficient printed matter on it, or that a page or two might have sustained more type, or that the character of the type should have been different, I feel that the Speaker's "approval" to such account was worthless, and that his authority is set at naught, when that authority had been exercised to the best of his discretion on behalf and under the orders of the House. I bear in mind that nearly all papers printed for the House are circulated among and exchanged for like parliamentary papers in the Australian Colonies and Canada, and are transmitted to England and elsewhere, and I judge that in the printing of these papers, whilst the strictest economy should be exercised, the position of the Colony and the dignity of the House must be maintained, and that our proceedings should not in the eyes of others bear the semblance of poverty or ignorance, or be deemed less worthy of note than those of younger, though it may be, richer possessions of the Crown.

11. But the Auditor does not attempt to go behind the other accounts passed by the Speaker, or ascertain whether the extra messengers had been employed for the actual number of days charged, or the books procured for the Library are actually on the shelves, or the newspapers have been supplied, nor on any of the other matters approved of by the Speaker, and therefore I consider that as regards the printing, after the clear and authoritative direction and order of the House, there is not only a direct interference with and disregard of such order, but an infringement by one who claims to be an officer of the House, of its rights and authority, and unless restriction in this respect be placed on such proceedings, the Speaker cannot in respect of the printing exercise the power or authority delegated to him by the House under its Rules and Orders.

I had at first intended to report to the House the disregard of its authority by the Auditor, and to submit the questions herein raised for its decision, but inasmuch as this Committee has the means of ascertaining the particulars in connection with the Auditor's report, I deemed

it advisable in the first instance to give the Committee the information herein contained.

1883.

D. TENNANT,
Speaker.

Chambers, House of Assembly,
25th July, 1883.

APPENDIX G.

REPLY OF CONTROLLER AND AUDITOR-GENERAL TO MR. SPEAKER'S MEMORANDUM.

Controller and Auditor-General's Office,
Cape Town, 1st August, 1883.

The Clerk of the Honourable House of Assembly, &c., &c.

SIR.—I have the honour to return herewith, as requested in your letter dated 30th inst., the Honourable the Speaker's Memorandum on Printing Accounts and my remarks thereon, for the information of the Honourable Committee on Public Accounts, and to request you to be so good as submit the same to the Committee at its meeting to-morrow the 2nd instant.

I have, etc.,
C. ABERCROMBIE SMITH,
Controller and Auditor-General.

Control and Audit Office,
Cape Town, 31st July, 1883.

MEMORANDUM prepared at the invitation of the Honourable Committee on Public Accounts, dated 30th July, 1883.

It being unnecessary to remark on questions on which I entirely concur in the views expressed by the Honourable the Speaker, I shall confine myself mainly to the two points on which, unfortunately, some difference of opinion seems to exist.

FIRST POINT.

Sections 23 of Act 30 of 1875 empowers the Controller and Auditor-General to call for *all* books, vouchers and *documents* relating to any account forwarded for audit, and though I am of opinion that the *documents* I wished to peruse for my guidance are not exempted from the operation of the above section, I do not anticipate that any consequences injurious to the public interests will arise should the Honourable Committee on Public Accounts see fit to authorise me to except unpublished proceedings of Parliament from the operation of the Section.

I concur in the views expressed in the fifth paragraph of Mr. Speaker's Memorandum.

I venture to think that Mr. Speaker is under some misapprehension with respect to the number of queries issued by me since January last (*vide* Annexure).

SECOND POINT.

I think I can best elucidate the second point by briefly setting forth my relations to the Government and the Honourable the Speaker.

The Government, by its letter of the 6th July, 1876, shows that it considers that Mr. Speaker should exercise the same powers in respect of the Accounts of the House, as the Government itself exercises in respect of other Accounts of the Colony. Fully accepting this view, I consider that my duties and relations to Mr. Speaker in respect of the Accounts of the House are the same as my duties and relations to the Government in respect of other accounts of the Colony.

Now, there are two Audits of Accounts:

- (a) The Administrative, and
- (b) The Appropriation Audit.

1883.
—

(a) In conducting an Administrative Audit, for departments to which the provisions of the 15th Section of the Audit Act do not extend, it is my duty as the servant of the Government or of Mr. Speaker, as the case may be, to call attention to real or apparent errors or defects of every description, and to see that the instructions and wishes of the Government, or of Mr. Speaker, are really carried out.

Thus I pass Accounts for extra messengers, or new books, &c., approved by Mr. Speaker, on its being certified by the proper officer that they were actually employed or purchased, as the case may be; but if, as in a recent case, it is found that an account has been twice paid, I call attention to it, and the error is rectified. Further, while fully alive to the importance of avoiding that (to quote the words of Mr. Speaker) "our proceedings should, in the eyes of others, bear the semblance of poverty or meanness" should it appear to me that equally satisfactory results might have been attained at less cost, it is my duty to call attention to what, presumably, had not been brought to Mr. Speaker's notice, without in any way impugning his authority or questioning his ultimate decision, such decision being accepted without hesitation. Should Mr. Speaker concur in the justice of the criticism, he may decline to approve, or give directions that the course criticised shall not be repeated, as he may think fit.

(b) But as regards Appropriation Audit, I hold that my functions are altogether different. I submit that in certain respects I am the servant of the Legislature as a whole, and, unlikely though it may be, in a law-abiding Colony such as this is, it might become necessary for me in the discharge of the duties imposed on me by law, to resist the action of the Executive Government or of either House of Parliament, should the case appear to be one in which the concurrence of the three branches of the Legislature is necessary, expressed either in an Appropriation Act or in a Special Act of Parliament. I venture further to submit that it is my duty not to pass as chargeable to Vote, payments for services never actually rendered, or payments to a contractor for contract services in excess of contract rates on any authority short of that of the three branches of the Legislature. Mr. Speaker's Memorandum is silent on these two points, and were it not that he disapproves of the course which my sense of duty compelled me to pursue, I would readily accept all the principles he enunciates, and claim his concurrence in the two principles I have just mentioned; but the disallowances to which exception is taken are in no single instance on the grounds—to quote from the 10th paragraph of Mr. Speaker's Memorandum—that "a title page was not needed, or a sheet had not sufficient printed matter in it, or that a page or two might have sustained more type, or that the character of the type should have been different," or on any other ground admittedly coverable by Mr. Speaker's approval, but solely on the grounds that the services charged for had never been rendered at all, or, being contract services rendered by a contractor, they were charged for in excess of contract rates.

All my queries of other dates than the 23rd instant, including those submitted to the Honourable Committee by Mr. Speaker (*vide par. 6*), are of a mixed character, belonging partly to Administrative and partly to Appropriation Audit; but those dated 23rd July, on the Printing Account for February, 1883, will be found, if the Honourable Committee will kindly call for them, to consist solely of queries on the two grounds above stated. Whether or not the services charged for have been actually rendered is a question of fact easily ascertained; in two cases the Clerk of the House has already admitted that the services were not rendered, and that my disallowances were correct. Whether or not I am right in my interpretation of the contract is, I submit, a question for legal opinion.

C. ABERCROMBIE SMITH,
Controller and Auditor-General

The Honourable the Chairman of the Committee on Public Accounts.

1883.

ANNEXURE.

I find that since January last the Accounts of 11 months of the Honourable House have been examined; that on 6 months no queries were necessary; that on 4 months—August and October, 1882, and February and May, 1883—a few queries on a double payment and on other matters not connected with printing were made; that the answers to such queries fully justified their being made; that on the Printing Accounts paid in July and August, 1882, and in February, 1883, certain queries were made; that those on the July and August Accounts, being short compared with previous printing, queries indicate increased care in the examination conducted by the Clerk of the House, while those on the Account paid in February, 1883, are lengthy, because they deal fully with the points at issue depending on my interpretation of the true intent and meaning of the provisions of the Printing Contract.

C. A. S.

APPENDIX H.

RULES FRAMED BY MR. SPEAKER FOR AUDITING ACCOUNTS.

House of Assembly, August 13th, 1883.

The Chairman Public Accounts Committee.

SIR,—Mr. Speaker has desired me to forward herewith to the Public Accounts Committee the Rules he has established in compliance with the Order of the House of the 9th instant, in relation to the Audit of Accounts for "Parliamentary Service, House of Assembly." Mr. Speaker will be glad to receive any suggestions the Committee may desire to offer thereon, as he considers that effect must be given to this new system from the beginning of the present financial year.

Mr. Speaker further begs to intimate that, in accordance with the Committee's application of the 26th ultimo, 150 copies of the Committee's Report will be supplied to the Auditor-General.

I have, etc.,

JNO. NOBLE,

Clerk of the House of Assembly.

STANDING RULES AND ORDERS framed by Mr. Speaker for the Auditing of Accounts, etc., under Order of the House of 9th August, 1883.

I. Whenever any sum or sums of money is or are needed for the purpose of meeting any expenditure, or proposed expenditure of the House of Assembly, the Clerk of the House shall draw out and sign a requisition for such sum or sums of money, stating the purposes for which the same will or may be required, addressed to the Controller and Auditor-General; and shall submit such requisition to Mr. Speaker, who shall, after satisfying himself that such money is required, certify thereto and approve thereof in writing.

II. The Paymaster-General of the Colony, upon receipt of the Controller and Auditor-General's authorisation of such requisition, shall place such sum or sums to the credit of an account to be opened and termed "Parliamentary Service, House of Assembly."

III. A treasury draft-book, and also a deposit receipt book, for the account of the "Parliamentary Service of the House of Assembly," shall be kept in the possession of the Clerk of the House, and at all times be accessible to Mr. Speaker; and such books shall contain a true record of all drafts drawn and deposits made by the said Clerk as Accounting Officer of the House of Assembly.

IV. The Clerk of the House shall furnish monthly to the Paymaster-General of the Colony a list of all drafts drawn or deposits made for account of the service of the House of Assembly.

1883.

V. As soon as may be after the end of every month the Paymaster-General shall transmit to the Clerk of the House a statement of his account with the treasury for that month, together with the treasury drafts presented and cancelled; and the Clerk of the House shall then prepare and certify an abstract statement, showing his transactions with the Paymaster-General for the said month, which statement shall be forwarded to the Paymaster-General for his certificate as to the treasury balance, and one copy of such certified statement shall be forwarded to the Auditor and Controller-General, and another copy shall be submitted to Mr. Speaker, who, after examination thereof, shall certify that the same has been declared before him, and append his signature thereto.

VI. All accounts presented for payment shall first be subjected to audit examination by the Assistant Clerk, who shall carefully check the amounts of the same, and compare the items with any contract under which the claim is made, and examine whether the work charged has been performed either within or in excess of the terms of contract, and remark on all overcharges, or errors, or omissions, if any, and if there be no contract, then he shall specify the extent and nature of such work and to the best of his knowledge make such further remarks therein as the circumstances may require.

VII. All accounts so examined and audited shall then be examined and certified by the Clerk of the House, who shall, in writing, state whether the service has been rendered, or the goods have been supplied, and whether the charges are fair and reasonable, or are otherwise, in the terms or in fulfilment of any contract or agreement.

VIII. Mr. Speaker may, at any time when he shall see occasion so to do, employ an "expert" or "professional accountant," or other person, to audit or check any account or accounts he may desire to have so checked, in addition to or exclusive of the official audit before described.

IX. After every account shall have been so subjected to the examination and audit before described, and all errors, omissions, or overcharges, if there be any, have been deducted, Mr. Speaker shall endorse his approval on the accounts so submitted to him for payment.

X. All payments so approved as aforesaid shall be made by the Clerk of the House by Treasury draft, which shall have marked or stamped on the top thereof "Parliamentary Service—House of Assembly." And every such draft shall be payable to the order of the person or persons in whose favour the same may be drawn, and the accounts shall be receipted in duplicate by the party to whom such draft is granted.

XI. Every account so paid and receipted shall be duly entered by the Assistant Clerk in a book to be kept for that purpose, and be docketted and filed, together with all cancelled drafts, and the same shall be placed in a voucher box, which shall be in his custody.

XII. A cash-book shall be kept by the Assistant Clerk, in which he shall enter all sums received and all payments made for account of the House of Assembly, and such book shall be balanced on the last day of every month, and the balance so shown shall be certified to by the Clerk of the House as being true and correct.

XIII. On or before the 30th September in every year, a full statement of all payments or receipts on account of the service of the House of Assembly, showing the sums expended as compared with the sums appropriated by Parliament for the said service, during the preceding financial year, shall be framed by or under the authority of the Clerk of the House, and submitted to Mr. Speaker, who on examination thereof, shall append thereto such remarks as he may deem requisite; and a copy of such statement signed by Mr. Speaker shall be forwarded to the Auditor and Controller-General for his informa-

tion, to be embodied in his annual Report to be laid before the House of Assembly; and a further copy of the same shall be delivered to the Public Accounts Committee at its first sessional meeting, and the same, together with all vouchers and papers thereto belonging, shall be at the service of the said Committee.

XIV. In the event of the death, absence, or resignation of the Clerk or Assistant Clerk before named, then the Officer, or Officers appointed during a recess by Mr. Speaker, shall perform the duties aforesaid.

XV. In the event of the death, absence, or resignation of Mr. Speaker, then the Colonial Secretary (in terms of Section 9 of Act 18 of 1874) shall act for and in the place of Mr. Speaker.

D. TENNANT, Speaker.

APPENDIX I.

SUGGESTED AMENDMENTS TO AUDIT ACT BY CONTROLLER AND AUDITOR-GENERAL.

Controller and Auditor-General's Office.

Cape Town, 11th August, 1883.

MEMORANDUM.

Honourable Chairman of Committee on Public Accounts.

In order to give effect to the Report of the Committee on Public Accounts presented on the 9th instant, some amendments of the Audit Act, 1875, will be necessary. These may conveniently be introduced into the Draft Bill which is necessary for other purposes.

Section VII. I would suggest that for the purpose of this Section, Mr. Speaker be treated as a Minister. At present I am supposed to hold the key of the Exchequer, and if this change be adopted it would be my duty to authorise whatever moneys the Speaker might think fit to requisition for up to the limit of the vote.

Section VIII. Accounts of the House of Assembly to be excepted from the provisions of this Section.

Section IX. To enable me to comply with this Section, it should be the duty of the proper Officer of the House to advise me of the total expenditure.

Sections X., XII., XIII., and XIV. not to extend to the House of Assembly.

Section III. of Bill replacing XVIII. of Act, *same remark.*

C. ABERCROMBIE SMITH.

APPENDIX J. (Not printed.)

(Letter from Secretary, Law Department, dated 17th August, 1883, concerning payment of £52 10s. to the Crown Prosecutor.)

APPENDIX K

RATIONS FOR CONVICTS.

MEMORANDUM of PRICES paid for RATIONS at the several Convict Stations of the Colony during the Financial Year, 1882-1883

Stations.	Officers Cost per Man.	Convicts. Cost per Man
	d.	d.
Breakwater	12.293	11.063
Zitzikama	17.175	15.375
Homtini	18.750	14.250
Kowie	11.568	11.917
East London	10.575	9.270
	70.361	61.875
Average Officers	14.072 or 1s. 2d.	per Ration.
Do. Convicts	12.375 or 1s. 0½d	do

APPENDIX L.

MEMBERS' TRAVELLING ALLOWANCES.—TABLE OF DISTANCES.

Chambers, House of Assembly,
Cape Town, August, 1885.

The Chairman of the Select Committee on Public Accounts.

SIR.—In compliance with your request, I have framed the accompanying table of distances, showing the approximate mileage which, I would suggest, should regulate the claims of members of Parliament travelling from the chief towns of each of the existing electoral divisions to Cape Town, by the available inland routes, or by the coastline and inland routes.

The distances are compiled from the published tables of distances inland, corrected by information supplied to me by members, the official railway time-tables, and the ocean mail service table of distances between the various ports, which are now, for the first time, introduced.

Although this Table, if approved of, may be a useful guide in respect to distances, I would respectfully submit that it cannot be rigidly adhered to, and there will necessarily be deviations from it, owing to changes in the routes of travel, or the exigency of travelling by the quickest (although it may be the longest) available route. For instance, members residing at Burghersdorp may, instead of travelling *via* Middelburg Road Station, or Cradock and Port Elizabeth, proceed *via* Queen's Town and East London, and thence by steamer to Cape Town; or, again, members at Graham's Town, in the absence of a coast steamer proceeding from Port Alfred, or Algoa Bay, may take the overland route *via* Aberdeen Road and Beaufort West, which would entitle them to more mileage.

The 90th Section of the Constitution Ordinance enacts,—“Each member of the Legislative Council, and each member of the House of Assembly, whose ordinary place of residence shall be situate at a greater distance than ten miles from the place or places in which the said Council and Assembly shall respectively assemble, shall be entitled to be paid from the Public Treasury of the said colony the sum of one pound sterling per day, for every day during which such member shall be engaged in travelling to, and returning from, and attending at any session of Parliament of the said colony: Provided, always, that such payment shall in no case be made for more than fifty days in any one calendar year; and that every such member shall also be entitled to be paid a further sum of one shilling for every mile which he shall necessarily travel in coming to and returning from any such session.” And Act 6 of 1879 enacts that in lieu of the words “fifty days,” in the proviso, the words “ninety days,” be substituted, and members may be paid for their attendance for a period up to ninety days.

The intent and meaning of the above Ninetieth Section, appears to be that, in addition to a personal allowance of one pound per day, the travelling allowance of a shilling a mile can be claimed by any member whose ordinary place of residence is within the Colony, but distant more than ten miles from the place where Parliament assembles. But it is not clear on several points which have arisen, and presented difficulties to me, in certifying to the best of my knowledge and belief as to the allowances claimed being within the provisions of the law.

Some of these points have, from time to time, been brought to the notice of the Government, and it has to be acknowledged that the absence of a clear enactment on the subject is very unsatisfactory.

For instance, when an elected member of the House had his ordinary place of residence outside the colony, could he claim travelling allowance, and if so, for what distance? The Attorney-General held that he was so entitled to be paid for his journey, but only from and to the limits of the Colony.

Again, a member removed from the colony, and took up his residence in England, and travelled from England to discharge his Parliamentary duties here. Could he claim for any of his travelling expenses? The Attorney-General (sustained by the view taken by his predecessor in the previous case) held that such member was equally entitled with the other members, residing beyond the limits of the colony, to travelling expenses calculated at one shilling per mile for the distance from the limits or border of the colony to Cape Town.

Acting upon these opinions, allowances have been paid to members accordingly.

Another question referred for the opinion of the Attorney-General, was as to whether a member proceeding to England during or after a Session was entitled, upon his return to the colony, to claim his travelling expenses from Cape Town to his residence, as part of his allowance on returning from Parliament.

It was held by the Attorney-General that there was nothing in the Constitution Ordinance to require a member to return to his home immediately a Session was over; he might stay six months in Cape Town, and, if so, there was nothing to prevent him going to England; but, if on coming back from England, he did return to his home he was entitled to his travelling allowance. Accordingly, such payments have become a recognised practice.

Some other possible difficulties may be suggested. If, for instance, a member of the House journeys from Europe, or other place beyond the colony, to attend Parliament, and is admitted to be entitled to travelling allowance for the distance between the extreme limit of the colony and the place where Parliament assembles, is he entitled to the allowance of a pound a day, from the day on which he left such place beyond the colony; provided, however, that such allowance does not exceed the maximum amount fixed by Act 6 of 1879? Or, in the case of a member whose ordinary residence is beyond ten miles from Cape Town, but who, discharging his duties as a member of a Commission, or in the defence of the country, is on the extreme border when summoned to attend Parliament: is he entitled to claim his travelling allowance from where he happens to be, say from Kokstad, or Kenhardt, to Cape Town? Or, again, in case of a member having more than one place of residence in the country, and travelling to attend Parliament from that place which is most distant, is he entitled to claim the full mileage he has travelled?

Or, suppose a member declines to accept the table of distances, which may be the guide to the Clerk of the House, and declares, under his own signature, that the distance "necessarily travelled, and to be travelled by him in coming to and returning from any session," is above and beyond that set forth in the table, is the Clerk of the House justified in going behind such certificate, or should he simply accept the same and certify that, to the best of his knowledge and belief, the member is entitled to the allowance or expenses claimed, in accordance with the 90th section of the Constitution Ordinance?

Clear and definite instructions upon all these points are very desirable.

I have, etc.,

JNO. NOBLE,

Clerk of the House of Assembly.

1883.

District Town.	Distance from Cape Town Inland by Rail or Road.	District Town.	Distance from Cape Town, Coastwise and Inland.*
Malmesbury ...	15	Mossel Bay ...	250*
Piquetburg ...	85	Port Elizabeth ...	450
Clanwilliam ...	160	Uitenhage ...	470
Calvinia ...	390	Graaff-Reinet ...	634
Stellenbosch ...	26	Murraysburg ...	694
Paarl ...	38	Middelburg ...	700
Tulbagh ...	76	Colesberg ...	750
Ceres ...	96	Cradock ...	630
Worcester ...	109	Somerset East ...	592
Robertson ...	130	Bedford ...	597
Caledon ...	70	Fort Beaufort ...	594
Swellendam ...	140	Elands Post ...	626
Riversdale ...	202	Alice ...	600
Prince Albert ...	325	Peddie ...	600
Ondtshoorn ...	340	Port Alfred ...	590 <i>via</i> Graham's Town.
George ...	300		520 direct sea route.
Knysna ...	350	Graham's Town ...	550
Beaufort West ...	330	King William's Town ...	630 <i>via</i> Algoa Bay.
Fraserburg ...	400		627 <i>via</i> East London.
Carmarvon ...	468	East London ...	672 <i>via</i> Algoa Bay.
Victoria West ...	424		585 direct sea route.
Hope Town ...	600	Catheart ...	697 <i>via</i> Algoa Bay.
Colesberg ...	568		694 <i>via</i> East London.
Hanover ...	526	Queen's Town ...	724 <i>via</i> Algoa Bay.
Richmond ...	472		739 <i>via</i> East London.
Graaff-Reinet ...	483	Dordrecht ...	782 <i>via</i> Cradock.
Murraysburg ...	430		781 <i>via</i> East London.
Uitenhage ...	480	Aliwal North ...	844 <i>via</i> East London.
Alexandria ...	650		780 <i>via</i> Cradock.
Humansdorp ...	430	Burghersdorp ...	746 <i>via</i> Cradock.
Pt. Elizabeth ...	500		861 <i>via</i> East London.
	584 <i>via</i> Aberdeen Road	Tarkastad ...	684 <i>via</i> Algoa Bay.
Kimberley ...	650		779 <i>via</i> East London.
Barkly ...	674	Kimberley ...	900
Douglas ...	708	Barkly ...	924
		Douglas ...	950

* NOTE.—The overland distances between Mossel Bay, Algoa Bay, East London and Cape Town, have hitherto regulated the mileage, but as the journey is now ordinarily done by Steamer, the Mail Service table of Distances between the various ports is suggested for adoption in the above, viz.:—From Cape Town to Mossel Bay, 250 miles; to Algoa Bay, 450 miles; to the Kowie, 520; to East London, 585; thus reducing the mileage to Algoa Bay by 50 miles, and to East London by about 100 miles. But if the distances given in the Mail Service table are *geographical* and not *statute* miles, it may be questionable if they can be adopted under the 90th Section of the Constitution Ordinance.

1884.

COMMITTEE.

Hon. J. GORDON SPRIGG (Treasurer-General) Chairman.	
Hon. Sir T. C. Scanlen.	Mr. L. A. Vincent.
Mr. L. Wiener.	Mr. P. J. Stigant.
Hon. H. W. Pearson.	Mr. J. Walker.
Mr. T. E. Fuller.	Hon. C. J. Rhodes.

REPORT.

Your Committee have had under their consideration the Report of the Controller and Auditor-General and the Appropriation Accounts for the financial year 1882-83, and have, in relation to various remarks of the Controller and Auditor-General taken the evidence of Mr. Speaker,

the Controller and Auditor-General, the Assistant Treasurer, the Assistant Commissioner of Crown Lands and Public Works, and the Secretary and Accountant of the General Post Office. Their evidence will be found annexed to this Report, and your Committee are of opinion that it will be found sufficiently explanatory of the items and matters referred to, and does not require any special comment.

Your Committee have also received some correspondence which has passed between the Colonial Office, the Attorney-General's Office, and the Audit Office, which is printed with the Appendix.

Your Committee have had before them the Accounts of the House of Assembly, duly audited by Mr. Speaker, agreeably to a recommendation made last year by the Committee on Public Accounts, and in conformity with the "Powers and Privileges of Parliament Act, 1883."

Your Committee are glad to be able to report that this system of independent audit of the Accounts of the House seems to work satisfactorily.

Your Committee have also had under consideration a Memorandum from Mr. Speaker on the subject of the charge for lighting the House with the electric light. This Memorandum will be found, marked E, in the Appendix. After having examined Mr. Speaker on the subject, and given it due consideration, your Committee have resolved to recommend that Mr. Speaker be authorized (in compliance with the authority sought in this memorandum) to refund the Public Works Department the amount of the account for electric lighting already sent in, and that the maintenance of the electric lighting shall in future be chargeable to the House of Assembly, and placed under the control and audit of Mr. Speaker, in the same way as gas expenditure.

The subject of Irrecoverable Revenue has engaged the attention of your Committee. In paragraph 14 of his Report, the Controller and Auditor-General suggests that the proper departments should from time to time prepare returns of irrecoverable revenue, with sufficient explanation of the reason why such revenue is deemed to be irrecoverable; and if these explanations seem satisfactory to the Treasurer of the Colony, the Governor in Council shall be moved to order the amounts to be written off at the close of the next ensuing Session, unless the Parliament shall have otherwise directed; that returns of all amounts so ordered to be written off, in sufficient, but not in excessive detail, should be laid before Parliament and referred to the Committee on Public Accounts for report, and should the House of Assembly, whether by tacit adoption of a resolution of the Committee on Public Accounts, or otherwise, be of opinion that any items of Revenue thus submitted should not be written off, the proper Department should take such steps as may be necessary, or may have been suggested, for their recovery from the persons held to be liable. Your Committee fully concur with this suggestion.

Your Committee find that the Unauthorized Expenditure requiring to be voted amounts to £442,254 11s. 7d., viz.:

Deficits on Votes	£153,845	5	2
" on Appropriations under Special Acts of Parliament	288,409	6	5
Total	£442,254	11	7

This amount to be voted is greatly in excess of that of the preceding financial year, when the deficit to be voted amounted to £69,155 4s. 10d. The excess is to be attributed to the fact that the financial year had expired before provision could be made for the excess of expenditure by an Additional Appropriation Bill. Details showing each deficit will be found on pages 310 and 407 of the Report of the Controller and Auditor-General.

14th July, 1884.

1884.

APPENDIX A. (Not Printed.)
(Memorandum by Mr. Speaker on electric light account).

APPENDICES B., C. and D. (Not Printed.)

(Letter and Memorandum from the Secretary, Law Department, replying to certain observations made by the Controller and Auditor-General in his Appropriation Report for the financial year 1882-3 on the expenditure of Judges on Circuit, the Controller and Auditor-General's reply to the same and the Secretary, Law Department's further Memorandum).

APPENDIX E. (Not Printed.)

(Correspondence between the Controller and Auditor-General and the Under Colonial Secretary concerning the lateness in the rendering of Appropriation Accounts for 1882-3).

1885.

COMMITTEE.

Hon. J. GORDON SPRIGG (Treasurer-General) Chairman.	
Hon. Sir T. C. Scanlen.	Mr. J. A. Vincent.
Mr. L. Wiener.	Mr. P. J. Stigant.
Hon. H. W. Pearson.	Mr. J. Walker.
Mr. T. E. Fuller.	Hon. C. J. Rhodes.

REPORT.

Your Committee having had before them and duly considered the Report of the Controller and Auditor-General, and the Appropriation Accounts for the financial year ended the 30th June, 1884, together with the Accounts of the House of Assembly, audited by Mr. Speaker in accordance with Act No. 13 of 1883, are pleased to be able to record a continued improvement in the method of keeping the Public Accounts.

They have taken the evidence of the Controller and Auditor-General and the Chief Accountant of the Railway Department, and are glad to find that, under a new system of accounts, introduced by the latter officer, a more efficient check on the revenue and expenditure of his department is provided at a considerably reduced cost.

Your Committee have also examined a Return of Irrecoverable Outstanding Revenue, amounting to £41,170 15s. 5d., and advise that the same be written off, in accordance with a recommendation to that effect contained in a Minute of the Executive Council.

Your Committee have given attention to the statement contained in the 45th paragraph of the Report of the Controller and Auditor-General, that some of the present arrangements for the collection of revenue are illegal, in so far as they contravene Ordinance 43 of 1828 and Act 3 of 1876, which prescribe that all taxes and duties shall be payable to and levied by Civil Commissioners.

Your Committee concur in the suggestion that it be left to the Government from time to time to prescribe the officers by whom taxes and duties shall be levied, and recommend that a section to effect this object be introduced into the proposed "Audit Amendment Act," and that the Bill to Amend the Audit Act in this and other respects, approved by the Committee in former Reports, be introduced by Government at the commencement of the next session.

The authorised expenditure for the period, which requires to be covered by a Bill, is as follows:—

Deficits on Votes, £4,192 0s. 5d.

30th July, 1885.

1885.

1885.

SUPPLEMENTARY REPORT.

In terms of the Resolution of the House of Assembly, dated 12th August, 1885, this Supplementary Report is made, containing Annexures to the Report of the Select Committee on Public Accounts, dated 30th July, 1885, from which Report the sum of £2,504 17s. 11d. Irrecoverable Revenue, was omitted, and the same is hereby inserted to form a portion of the original Report, from which it was accidentally omitted.
12th August, 1885.

1886.

COMMITTEE.

Hon. J. Gordon Spragg (Treasurer-General) Chairman.	
Hon. Sir T. C. Scanlen.	Hon. H. W. Pearson.
Mr. L. A. Vincent.	Mr. L. Wiener.
.. J. Walker.	Hon. C. W. Hutton.
Hon. C. J. Rhodes.	Mr. T. E. Fuller.
	Mr. P. J. Stigant.

REPORT.

Your Committee have had before them the Report of the Controller and Auditor-General, and the Appropriation Accounts for the financial year ended the 30th June, 1885, together with the Accounts of the House of Assembly, duly audited by Mr. Speaker.

Having carefully considered the said Report, and taken the evidence of the Controller and Auditor-General, the Chief Clerk of the Colonial Secretary's Office, and the Assistant Treasurer of the Colony, on various points raised therein, your Committee beg to report as follows:

- (1) They have had under consideration the desirability, or otherwise of abolishing the Departmental audit, and, after making full inquiry into the subject, are of opinion that the primary audit in the several Departments is of great value, and, as but a very small saving would result from its being discontinued, they cannot recommend any alteration in that respect, of the present system of Audit.
- (2) The suggestion contained in the Controller and Auditor General's Report, paragraph 47, that the scheme of Books and Accounts prepared by him and already in use by Civil Commissioners, Accounting Officers, and Postmasters, should be extended to Divisional Police under Act 12 of 1882, Transkeian Magistrates, and the Treasury, meets with the concurrence of your Committee, as does also his proposal to complete the codification of all Acts, Proclamations, Government Notices, and Circulars, at present in operation, affecting the Revenue or Expenditure of the Colony.
- (3) The Controller and Auditor General has urged the expediency of appointing a Visiting or Travelling Inspector, to make periodical inspections of the books of the various revenue officers throughout the Colony. Your Committee recommend the adoption of this proposal, believing that it will establish a more efficient check on accounts than now exists, and tend to prevent, or speedily detect, defalcations.

1886.

- (4) Returns of Irrecoverable Revenue, amounting to £32,209 7s. 3d., have been laid before your Committee, with the direction of His Excellency the Officer administering the Government, in Council, that the authority of Parliament may be obtained for writing the sum off in the books and registers of the several Departments; and your Committee accordingly recommend that such authority be given by the House.
 - (5) The unauthorized expenditure for the financial year ended 30th June, 1886, which requires to be covered by a Bill, amounts to £15,006 19s. 3d.
- 4th June, 1886.

APPENDIX A.

Cape Town, 12th May, 1886.

MEMORANDUM BY THE CONTROLLER AND AUDITOR-GENERAL ON THE SUBJECT OF DEPARTMENTAL AUDIT.

1. I have given very careful consideration to a suggestion of the Accounting Officer of the Colonial Office to the effect that I should station one of my examining officers in that office, in order if possible to avoid that duplication of work which at present exists.

2. It is admitted that such duplication does exist: for where departmental audit is in force, the department is bound to submit accounts to which no exception may be taken, and to certify that the vouchers have been completely checked and examined, and that, as far as the strictest examination can go, they are in every respect correct. In short, the department is required to do all that this office could do if the primary audit rested with it, and must further as an Accounting Department allow and pass the payments.

3. Notwithstanding this complete audit, it rests with me under the Audit Act to satisfy myself that the accounts bear evidence that the vouchers have been completely checked, examined, and certified as correct in every respect, that they have been allowed and passed by the proper departmental officers, that the payments are supported by proofs of payment and are charged to the proper Vote, etc., etc., and generally to do all that is necessary to enable me to report on each Vote as required by that Act.

4. My detailed instructions in regard to the examination still to be maintained in my office, after the extension of departmental audit in 1879, will be found in Annexure C to the Report of the Committee on Public Accounts for 1880, and so far as I can see, no material change can be made in these instructions.

5. These duties in regard to the Accounting Department of the Colonial Secretary involve the scrutiny of about 5,000 vouchers per month, representing an expenditure of about half a million sterling per annum, the keeping of certain records, to enable me to check the explanations of the Accounting Officer and report on each Vote, and occupy nearly the whole time of one officer at a salary of £300 per annum.

6. In discharging the above duties the experienced examiner frequently discovers defects which are not strictly within the scope of his examination, and which therefore he was not bound to find out. He in such cases takes the necessary steps for their correction.

7. In order to enable me to judge of the expediency of Mr. de Smidt's suggestion, I asked him to furnish the details of his scheme. This he has been good enough to do, and has put his proposals in as favourable a light as is possible.

8. Though a sacrifice of the principle of uniformity, I do not deem it a vital objection to the scheme that it could be applied to but one department; for no other department is so large as to require the whole time of one of my staff.

9. Dismissing this objection as comparatively unimportant, I am unable on other grounds, to recommend the adoption of the proposal; and

I may say that the Examiner of Accounts, when it was proposed to transfer, my Expenditure Inspector, and the Assistant Controller and Auditor, are most strongly opposed to the scheme.

10. In regard to a remark, that, if the proposal were carried out, my officer would perform the duties of the Chief Examiner of Accounts in the Colonial Office, it is observed in one of my departmental reports that "your officer will perform all the functions of our Chief Examiner of Accounts, in other words, Mr. — will do the duties now performed by Mr. —, namely, identify himself with, and become responsible for, all the details of Departmental Audit, while nominally acting in a disconnected and independent position on behalf of the Controller and Auditor-General. In practice this would never work, an officer of the Audit Office could not take the place of Chief Examiner without coming more or less directly under the control and influence of the Accounting Officer. The moment he touched details of audit he would be trenching on the province of the Accounting Officer. Being at the same time responsible to the Controller and Auditor-General, he would be sitting on two stools, and the natural result would certainly follow. To perform the duties with impartiality and independence, it would be necessary that the Audit Office official's work should be completely distinct and dissociated from the work of the accounting staff, otherwise the distinction (and it is necessarily a great distinction) between departmental and final audit would lose its virtue, since all independent scrutiny would be at an end. If then the final examination must be independent of the departmental examination, it follows that such independence is more completely secured by having the examination conducted in the Audit Office, as at present, than by detaching an officer from the wholesome restraint of his surroundings here, and placing him in a position in which he would be open to be acted on by other influences."

11. Regarding an argument that my officer would not require to see the vouchers more than once, namely, while the departmental examination is going on, it is remarked in the same report "certainly the Audit Office Examiner would require to see vouchers more than once, in fact, he would never know when his examination was complete, and would have to go through the accounts finally after they were compiled, under Votes, in order to satisfy himself that none were introduced which did not bear his stamp. It seems to me clear that the accounts can only be finally audited in their completed and compiled form; any examination of them as they are submitted by sub-accountants can only be partial. The knowledge that the accounts are finally examined in the Audit Office acts as a wholesome check on the departmental auditors and keeps them up to the mark, and I think the officer who has to pass half a million of annual expenditure cannot be too far removed from all possibility of bias."

12. I am afraid that much friction would inevitably arise, should my requirements at any time differ from those of the Accounting Department, and the moment any such friction arose, my officer reporting to me (as is suggested) *what the Colonial Office does and how it does it*, would be looked upon with some degree of suspicion, and be surrounded by an atmosphere of distrust, which would not conduce to harmonious co-operation. It is indeed also suggested that my officer, fortified if need be by my personal instructions, would really direct the departmental audit, but this would either produce friction or lead to the effacement of the proper measure of independence belonging to the Accounting Department. I may illustrate this point by a reference to the correspondence between myself and the Under Colonial Secretary in 1884, on the subject of the delays in rendering the Appropriation Accounts for 1832-3, which forms Annexure E to the Report of the Committee on Public Accounts for 1884. The controversy really hinged upon whether

1886.

the accounts of a month or year should be kept open for a long time to avoid disallowances and secure the recovery by voucher of any disallowances made; or whether vouchers which could not be passed in two or three weeks should be disallowed in order not to delay the accounts of the month, and brought up in a subsequent month. Now though the Government in 1878 emphatically pronounced itself in favour of *immediate* disallowance of whatever could not be passed at once, this controversy as affecting present action is practically unresolved, the Colonial Office properly attaches importance to including in a month or year all the expenditure of the year, the Audit Office attaches greater importance to the prompt rendering of accounts. Now the action to be practically taken in instances of almost daily occurrence hinges on which of these two policies should be followed, consequently any such difference of policy would inevitably cause friction in a case in which one officer is responsible to me, and all the remaining staff to the Under Colonial Secretary.

13. I fail to see also how proper discipline could be maintained and steady work secured from officers responsible to the Under Colonial Secretary, working under the directions of an officer of my department, responsible to me.

14. As to the amount of saving, Mr. de Smidt expresses his belief that it will reach £500; but his details give no clue to any other saving than that of an Examiner at £250.

15. If then any change is made I would much rather see departmental audit abolished in that department.

16. That audit was established on the ground that "Administrative audit cannot be so well or so expeditiously applied by the staff of a central office, however efficient, as by that of the department by whom expenditure is habitually ordered or sanctioned, and to whom consequently the circumstances attending such expenditure are fully known."

17. Without considering whether or not the work is now *better* done, it certainly has not been done *more expeditiously*, nor do I anticipate that it ever will be done more expeditiously than if the primary audit rested with this office.

18. Departmental audit in fact is better adapted to services such as Railways and Public Works, in which long pay sheets exist, or to departments such as that of the Surveyor-General, where the technical knowledge of a surveyor is required for the examination of the accounts.

19. At the same time a valuable check on the consumption of stores has been recently established in the Colonial Office, which I have no hesitation in saying can be better carried out by a Ministerial controlling department, than by a merely auditing department.

20. To assist in arriving at an opinion on the question, I may say that should it be deemed advisable for the sake of economy to abolish departmental audit in that department, I am prepared to undertake the primary audit of all its accounts and check refunds by Divisional Councils, Municipalities, etc., if three juniors, say at a cost of from £450 to £500 per annum, were added to the staff otherwise required by me.

21. At present the number of the items of miscellaneous receipts to the credit of Votes is very great, and each such receipt involves numerous entries in the accounts of Civil Commissioners, the Paymaster-General, and Accounting Officers, while a revenue item entails entries in the accounts of Civil Commissioners only.

22. So long as departmental audit exists, it is expedient to treat many refunds as Miscellaneous Receipts to the credit of the Vote, in order to bring them under the audit of the Accounting Department, but if that audit were abolished, such items should be treated as revenue, and thus save all the entries in the accounts of the Paymaster-General and Accounting Officer at present required.

23. Possibly, in view of this, $2\frac{1}{2}$ juniors would enable me to overtake all the additional work, viz., two for the primary examination of vouchers and one-half for the revenue receipts, at a cost say of £400 per annum.

1886.
—

C. ABERCROMBIE SMITH.
Controller and Auditor-General.

APPENDIX B.

MEMORANDUM for the Controller and Auditor-General in regard to the economy which it might be possible to effect in this Accounting Department by the abolition of Departmental Audit.

It may be as well to state at the outset that the annual expenditure in this Accounting Department under Acts and Votes for the past three financial years is as follows:—

1882-83	...	...	...	...	£160,256	3	11
1883-84	...	...	...	...	£153,398	19	11
1884-85	...	...	...	...	£123,294	11	3
					£436,949	15	1

For the past three calendar years the average number of vouchers (in duplicate) *per month* which have undergone departmental audit amount to 327.

The whole work of auditing these vouchers is performed by one Examining Clerk, whose salary is £200 per annum, and whose duties are as follows:—

1st. The examination of authorities upon which expenditure has been incurred.

2nd. That the vouchers are completed in accordance with the Audit Rules and Regulations.

3rd. That the amounts charged are in accordance with contracts or tariffs sanctioned by Government, or otherwise fair and reasonable.

4th. That the computations are correct.

5th. The preparation of vouchers in duplicate in the numerous cases in which payments are made direct from this office.

6th. The preparation of schedules of vouchers for the Control and Audit Office.

7th. The writing up of a schedule book containing a list of vouchers passed each month.

8th. Attention to Auditor's queries arising out of the monthly accounts.

9th. Making out lists of drafts drawn and amounts deposited for the Controller and Auditor-General and Treasury.

The abolition of Departmental Audit would relieve this officer, it appears to me, of the computation of vouchers only, but as he is already considerably overworked, nothing but relief would be gained so far as this Department is concerned by the abolition contemplated.

Into the question of how the Departmental Audit is to be carried on if not in this office, I am not called upon to enter, but I may be permitted to remind you that the Accounting Officer has steadily objected on principle to place his funds at the disposal of Civil Commissioners or to allow them to make any payments without previous authority having been obtained.

JAS. EASTON,
Chief Accountant.

Department of Crown Lands and Public Works,
Cape of Good Hope, 17th May, 1886.

1887.

COMMITTEE

Hon. Sir J. Gordon Spragg (Treasurer-General), Chairman.	
Hon. Sir T. C. Scanlen.	Hon. H. W. Pearson.
Mr. L. A. Vincent.	Mr. L. Wiener.
„ J. Walker.	„ T. E. Fuller.
Hon. C. J. Rhodes.	Hon. C. W. Hutton.
Mr. P. J. Stigant.	

REPORT.

Your Committee have gone carefully over the Report of the Controller and Auditor-General, together with the Appropriation Accounts for the financial year ended 30th June, 1886. They have also reviewed the Accounts of the House of Assembly, duly audited by Mr. Speaker.

Your Committee have had before them a communication, referred to them by the House, from Sir Charles Mills, K.C.M.G., C.B., Agent-General of the Colony, addressed to the Premier and Treasurer-General, on the subject of a claim made by him for special services rendered in 1880-82, in connection with the War Accounts for the years 1877-78. Having taken the evidence of the Chief Clerk of the Colonial Office, and duly considered the matter, your Committee have unanimously recognised the equity of the claim, and resolved to suggest to the Government that it should be met by appropriating to such purpose the necessary amount out of the proceeds arising from the sale of captured stock and war material.

Your Committee are of opinion that, with the view of securing full Parliamentary control over the ordinary public expenditure, it is expedient that for the future the Estimates of Expenditure for the year should be so framed that all salaries, with the exception of the Governor's and those specially assigned by Act of Parliament, shall be subject to the vote of Parliament.

The Unauthorised Expenditure for the financial year ended 30th June, 1887, which must be covered by an Act, is £31,597 8s. 8d. This is £73 1s. 4d. less than the amount stated in the Report of the Controller and Auditor-General. The reason of the difference is fully set forth in the letter of that officer, which will be found in the Appendix.

19th July, 1887.

APPENDIX A.

No. 251.

Controller and Auditor-General's Office,

Cape Town, 8th June, 1887.

SIR.—I have the honour to invite your attention to an error into which I have inadvertently fallen in reporting on Vote 37. On receipt in this office of the Agent-General's accounts for April, 1886, it was found that they contained an item of £73 1s. 4d. for income-tax on the salaries of the Agent-General and his staff. The amount was thereupon entered in my Excess Book, and the attention of the Accounting Officer was called to it by the words "Unprovided for" being written across the voucher. It appears that it was in consequence withdrawn by the Accounting Officer from the accounts of the year, and is thus included among his assets on page 322 of the Appropriation Accounts. Unfortunately, this fact was not noted in the Excess Book, so that when reporting on Vote 37 I was under the erroneous impression that the expenditure on Vote 37, Sub-Vote C, included the item in question.

As this was not the case, it follows that £73 1s. 4d. should be withdrawn from the deficits to be voted, as shewn on page 248, and that

the deficits to be voted, as shewn on page XVII. of my Report, should stand as follows:—

As "Arrears, 1875" (page 34)	£15,450	9	0
Deficits on Votes (page 248)	16,137	7	5
„ on Act Account (page 294)	9	12	3
	<hr/>		
	£31,597	8	8

I have, etc.,

C. ABERCROMBIE SMITH,

Controller and Auditor-General.

The Chairman

of the Select Committee on Public Accounts.

APPENDIX B. (Not Printed.)

(Letter from Sir Charles Mills, Agent-General, to the Prime Minister dated 27th April, 1887, concerning special services rendered in 1880 to 1882).

1888.

COMMITTEE.

HON. SIR J. GORDON SPRIGG (Treasurer-General), Chairman.

Hon. Sir T. C. Scanlen.

Mr. T. E. Fuller.

Mr. L. A. Vincent.

Mr. P. J. Stigant.

Hon. H. W. Pearson.

Hon. C. W. Hutton.

Mr. L. Goldschmidt.

FIRST REPORT.

Your Committee beg to report that they have had under consideration the "Bill to amend the Audit Act, 1875," and have gone through the Preamble, the various Clauses and the Schedule, making certain amendments, which they now beg to submit to the House

20th July, 1888.

SECOND REPORT.

Your Committee having given consideration to the Report of a Committee appointed by the Premier on the 27th February, 1888, to enquire into the audit of the Revenue of the Colony, are of opinion that changes should be sanctioned with great caution, and their operation jealously watched.

Any change which would tend to weaken the control which Parliament has over the Executive and Administrative Departments, through the Controller and Auditor-General, is to be deprecated, as likely to lead to laxity in administration and the silent growth of abuses.

The Committee fully concur in the view expressed by the minority (consisting of the Controller and Auditor-General and the Chief Accountant of Railways), that "wherever the primary Audit of Revenue cannot be better performed in some other office, it should be undertaken by the Controller and Auditor-General's Office, as being more independent than any other."

From the resolutions arrived at by that Committee, with the exception of those numbered 20 to 25 inclusive, No. 26, No. 28 to 31, inclusive, your Committee, as at present advised, see no reason for expressing dissent.

1888.

In giving effect to the resolutions relating to the Customs Department, the Committee desire to recommend that an Audit Office Inspector should visit all ports periodically, at uncertain intervals, and ascertain that departmental checks are being properly applied.

The resolution No. 24, suggesting that interest should be charged at the rate of 10 per cent. on overdue revenue, would need legislation to give effect to it, and such legislation your Committee recommend; but with the condition that the interest should commence after a period of grace.

The Committee are further of opinion that regulations respecting the issue of free railway passes, in accordance with the recommendations contained in paragraphs 33 to 41 of the Audit Committee's Report, should be adopted without delay.

24th July, 1888.

FINAL REPORT.

Your Committee have gone through the Report of the Controller and Auditor-General, and had under consideration the Appropriation Accounts with the Auditor's remarks thereon. They have also had before them the Report of the Committee appointed by the Premier to enquire into the audit of the Revenue of the Colony. They have taken the evidence of several witnesses on the points requiring investigation, and beg to report as follows:—

TRAVELLING EXPENSES OF MINISTERS.

(1) After taking the evidence of the Acting Under Colonial Secretary and the Controller and Auditor-General on the subject of allowances to Ministers while travelling on public duty, and fully deliberating on the question, the Committee, while trusting that due economy will on all occasions be exercised by Ministers, and while of opinion that any hospitality paid for by them out of the public funds should be limited to public officials, do not see their way clear to fix definitely the amount payable to Ministers while travelling on public duty; and are agreed that they should not draw any extra personal allowance whatever for services rendered, and that a certificate by them that the amount charged has been actually expended for the purposes specified should serve as a sufficient voucher.

PERSONAL ALLOWANCE TO OFFICERS.

(2) The attention of the Committee having been directed to the question of the payment of personal allowance to officers while travelling on public duty, they are of opinion that the rule, that no such allowance should be made for any day spent on board ship, should be adhered to.

REFUND OF CUSTOMS DUTY.

(3) The Controller and Auditor-General, in his Report, page 5, paragraphs 25, 26, expresses an opinion that no reduction or remission of customs duty should be allowed without the sanction or authority of Parliament, and that where, in special cases, such relief is granted, the duty should be paid out of moneys voted by Parliament for that and other purposes. In this opinion of the Controller and Auditor-General your Committee quite concur.

COMPILATION OF REGULATIONS, &c.

(4) The Committee recommend that the codification and compilation of Government Notices, Regulations, etc., be proceeded with as expeditiously as possible.

IRRECOVERABLE REVENUE.

(5) The statement of Irrecoverable Revenue, compiled in the Treasury from the returns furnished by the several Civil Commissioners and

revenue officers, amounts to £31,566 1s. 7d. The sanction of the Governor that application be made to Parliament for authority to write off this amount has already been obtained, and the Committee recommend that such authority be given.

UNAUTHORISED EXPENDITURE.

(6) The Unauthorised Expenditure, as detailed on pages 260 and 268 of the Report of the Controller and Auditor-General, amounts to £92,238 3s. 6d. In this total is included £205 9s. 0d. for Transfer Duty refunded to Mr. Joseph Wood, in reference to which the Committee are of opinion that the refund of Transfer Duty to Mr. Joseph Wood, formerly a member of the House of Assembly for the Division of Albany, amounting to £205 9s. 0d., reported by the Controller and Auditor-General as requiring to be voted, was made contrary to law, and therefore payment thereof out of the public revenue ought not to be sanctioned.

27th July, 1888.

APPENDIX A.

RESOLUTIONS ADOPTED BY THE COMMITTEE APPOINTED BY THE PREMIER OF THE COLONY ON THE 27th FEBRUARY, 1888, TO ENQUIRE INTO THE AUDIT OF THE REVENUE OF THE COLONY.

Customs.

1. That the duty of primarily checking Customs bills of entry should ordinarily be discharged by officers other than the tellers who receive the cash, and that the latter officers should accept as correct, entries duly initialled by the former.

2. That bills of entry should invariably be re-checked by the Assistant Surveyor at Cape Town, or at other ports by the officer who performs similar duties, and that the amounts be entered in his check cash-book, as required by the Regulations.

3. That they should invariably bear consecutive numbers, and the same number should not be used more than once either with or without subsidiary letters attached.

4. That the Assistant Surveyor at Cape Town, or the officer performing similar duties at other ports, should daily compare, as required by the Regulations, the total of his check cash-book with the cash-book kept in the Sub-Collector's office, and not merely with a memorandum professing to be a summary thereof; that he should also initial the total of the day's entries in the cash-book as evidence of his having made this examination, and should forward a statement of the total shown in his check cash book, through the head of his department, to the Controller and Auditor-General at least once a month.

5. That the revenue cash account should be declared to and signed by the officer in charge of the cash branch, and a certificate of the Sub-Collector added to the effect that he has satisfied himself that it is correct.

6. That, to enable the chief clerk at the larger ports more effectually to perform his duties of supervision over the whole branch, he should be relieved of the duty of personally receiving cash, while continuing to check the cash-book, and the tellers or cash clerks should have no authority over the other officers in the branch.

7. That warehouse keepers and warehouse clerks should in no case be tellers or cash clerks.

8. That Rent Warrants in connection with the Queen's warehouse should pass to the Assistant Surveyor at Cape Town, or the officer performing similar duties at other ports, to be re-computed, and to be compared by him with the amounts actually entered in the rent cash book.

9. That no check on bonded warehouse transactions can be effectual which does not provide for frequent independent inspections of balances.

10. That, in regard to goods shipped *ex* bonded warehouse, the original entry, after being endorsed by the examining officer and tidewaiter as to the disposal of the goods, should be returned to the warehouse keeper to be filed by him as his voucher. The order received by the locker for the delivery of the goods should be filed by him together with the receipt from the examining officer that the goods have reached him.

11. That all clearances for home consumption *ex* bonded warehouse should, as heretofore, pass through the hands of the Assistant Surveyor at Cape Town or of the officer performing similar duties at other ports, to be by him re-checked and entered in his check cash-book.

12. That all locker's orders should be returned to the Assistant Surveyor at Cape Town, or the officer performing similar duties at other ports, to be by him compared with the corresponding bills of entry, and afterwards forwarded to the warehouse keeper.

13. That the system of franking goods on H.M.S., and by military officers for their own use, should either be abolished or made the subject of more stringent regulations.

14. That lockers and warehouse keepers should write off goods as destroyed, only on orders signed by the Sub-Collector personally or by the officer acting for him in his absence, that such orders should be in duplicate and should bear evidence of the destruction of the goods, that one copy should be filed by the locker, and the other by the warehouse keeper, and that a detailed list for all ports of such orders should be sent monthly by the Collector of Customs to the Controller and Auditor-General for his information.

15. That there should be a voucher for every item written off from warehouse books other than for export or home consumption, and that it is desirable that the Audit Office Inspector should be instructed to pay particular attention to such vouchers.

16. That the Assistant Surveyor at Cape Town and the officers performing similar duties at other ports, or the officers acting under them, should grant receipts consecutively numbered, from books with counter-foils also so numbered, to all persons from whom they receive cash for duty on baggage and parcels.

17. That it is most desirable that an Audit Office Inspector should periodically visit all ports, and ascertain that the departmental checks are being properly applied.

18. That the Controller and Auditor-General should be authorized to dispense with the detailed examination of every entry for home consumption, as soon as he finds that the work is being so satisfactorily performed departmentally, that no serious loss to revenue can take place.

19. That a system should be introduced by which the amount of duty annually remitted in connection with importations other than of munitions of war for Her Majesty's Forces, naval and military, may be ascertained.

Land Revenue.

20. That ledger accounts for Land Revenue be established, similar *mutatis mutandis* to those kept for House Duty; that such ledgers be kept for the Colony by the Controller and Auditor-General and the Surveyor-General, and for his own division by each Civil Commissioner; and that vouchers in duplicate similar *mutatis mutandis* to those for Hut-tax be rendered monthly, one to the Controller and Auditor-General, and one through the Treasury to the Surveyor-General, which latter copy should be supported by all the details hitherto forwarded to the Controller and Auditor-General.

21. That, before forwarding these documents to the Surveyor-General, it should be the duty of the Treasury to verify the totals in the returns thus forwarded with the corresponding totals in the abstracts of

revenue on C.A. 20 or other form for the purpose which may hereafter be prescribed.

22. That in the opinion of the Committee, the Controller and Auditor-General may under these arrangements safely transfer his land registers to the Surveyor-General's office.

23. That the Controller and Auditor-General should be advised from an independent source of all accruing items of Land Revenue.

24. That it is expedient, in order to secure the prompt collection of revenue in cases in which such provision does not at present exist, that interest should be charged on overdue amounts at the rate say of ten per cent. per annum, from the due date to date of payment.

25. That it would greatly simplify the keeping of ledger accounts for Land Revenue as proposed by the Committee, and facilitate the determination of the amount in arrear at any date, if all quitrents and other land revenues were made payable on the 1st January in each year, payment in the first instance being made for any broken period up to the end of the calendar year.

Succession Duty and Guardian's Fund.

26. That the Master of the Supreme Court should be relieved from the receipt and payment of money, the duty being in future undertaken by Civil Commissioners on his behalf, in order that his office may thus be converted into a purely administrative one for the control and primary audit of revenue and receipts, and that such a change will greatly tend to the convenience of the public.

27. That the book-keeping of the Guardian's Fund might be greatly simplified by the creation of dormant ledgers, and by the transfer of small balances to revenue earlier than at the end of forty years.

Licences and Blank Stamps.

28. That it is desirable that all stamps in the hands of the Custodians, Stamping Commissioners and Principal Distributor, should be treated on the basis of numbers only, except in so far as issues by the Principal Distributor are concerned, which should be treated according to numbers and value, and that stamps in the hands of the Sub-Distributors should be treated by value only, except when stock balances are taken, when they should be treated by numbers and value.

29. That the Controller and Auditor-General should be authorized, in auditing the accounts of Sub-Distributors of Stamps, to content himself, if he sees fit, with total values so far as stamps are concerned, and as regards licences with a sampling audit.

30. That it is expedient that obsolete and damaged stamps should be forwarded by Sub-Distributors direct to the Principal Distributor, and not through the Controller of Licences and Stamps.

31. That the recent changes introduced in respect of the control of licences and stamps, and the recommendations of the Committee already adopted, require that the plan of books and accounts for Sub-Distributors of Stamps published with Treasury Circular No. 23 of 1887, dated 12th December, 1887, together with the audit regulations for stamps of 1881 and 1882, should be thoroughly revised.

Fees.

32. That every office in which fees are collected by means of stamps should exercise a departmental audit on such receipts, and that there should also be an external audit conducted by the department best fitted to discharge that duty, certificate to that effect being given to the Controller and Auditor-General.

Railways.

33. That regulations governing the issue of railway free passes should be framed or approved of by the Governor, and should be published in the *Government Gazette*, and laid before Parliament.

1888.

34. That all railway free passes, whether for a single specified journey or covering all journeys made within a definite period, should be valued in money, save and except:—

- (a) Passes granted to railway and postal officers or employees, to enable them to discharge railway or postal duties.
- (b) Marketing passes granted to railway employees who are not on the fixed establishment, or who have been placed thereon by virtue of ten years' continuous good service, and passes granted to members of the families of such employees in accordance with the regulations.
- (c) Passes granted to ministers of religion travelling for the performance of religious services to railway employees.
- (d) Complimentary passes granted to visitors of distinction holding official positions under other Governments, and to representatives of other railways.
- (e) Passes to editors and other representatives of newspapers.

35. That the person to whom any free pass covering journeys not distinctly specified therein is granted, should, on surrendering it, certify thereon that it has been used in strict accordance with the conditions on which it was issued, and for no other purpose.

36. That every free pass granted on "Service," or hitherto marked "Special," should clearly and fully disclose the particular service or purpose for which it is granted, save in the case of passes issued at the instance of a department which undertakes to pay for the same.

37. That monthly returns of all free passes should continue to be rendered to the Chief Railway Accountant, and, in addition to other particulars heretofore given, should exhibit the money value where required by the thirty-fourth resolution.

38. That in such returns all passes granted in accordance with the regulations should be separately given, supported by a certificate of the officer by whom they have been issued, to the effect that they are covered by the regulations.

39. That a monthly return showing separately the total money value of such passes as require to be valued in money, issued by each department in accordance with the regulations, should be rendered by the Chief Railway Accountant to the Controller and Auditor-General, supported by his certificate that they have been issued in accordance with such regulations.

40. That no persons should be allowed to travel without a pass or ticket, save the General Manager, his Secretary, and such officers of the Traffic and Locomotive Departments as may be permitted by such regulations to do so, and that it should be the imperative duty of station masters, ticket collectors, and others entrusted with the examination of tickets, to see that this rule is strictly carried out.

41. That all cases in which free passes not strictly covered by such regulations may be issued, should be specially reported on in separate monthly returns to be rendered to the Chief Accountant by the Officer issuing the same, and that such returns should, after departmental audit by the Chief Accountant, be rendered by him to the Controller and Auditor-General.

42. That the money value of all free passes required to be valued in money should be charged to the department benefited, or at whose instance such passes have been issued.

43. That the money value of all free passes charged under the preceding resolution to any railway department should be brought to charge as Railway Expenditure and credited to Railway Revenue, and that the money value of those charged to any other department should be recovered in cash from such department, or failing such recovery be recovered from the officer in default.

44. That all free passes should be signed in manuscript; that no free passes should be signed by any officer not authorized by the regulations to do so, save in the absence of such officer; that any delegated authority granted to any person to sign such passes on behalf of an officer should be strictly limited to the period of absence of such officer, and should in no case be for an indefinite period; and that all such delegated authorities should as heretofore be in writing and be forwarded to the Chief Accountant.

45. That in general the value or cost of all services rendered by the Railway Department to or at the instance of any other department should be charged at tariff rates to and be recovered in cash from that department, and that, for the purpose of this resolution, ministerially approved rates, charged to the General Post Office and other departments for special trains or other services, should be regarded as tariffs.

46. That the privilege of railway officers of having animals or goods conveyed by railway free of charge is so liable to serious abuse, that it should be entirely abolished as regards officers placed on the fixed Establishment of the Civil Service on grounds other than that of ten years' continuous good service; that all free conveyance of goods to other railway employees should be confined to reasonable quantities of the necessities of life conveyed from the nearest market town, or by provision train, and be strictly governed by regulations to be framed as provided in the thirty-third resolution; and that, should it appear that any person is at present legally entitled to any privilege thus withdrawn, it would be preferable to grant him reasonable money compensation for such withdrawal rather than to continue the privilege.

General.

47. That Regulation No. 211 of Government Notice No. 1507 of 1882, primarily applicable to expenditure vouchers, should apply *mutatis mutandis* to revenue collections.

48. That, upon the establishment of primary audit, it will not be necessary for the Controller and Auditor-General to completely re-audit all transactions.

49. That, in order to secure an independent local check on the collections of revenue, it should be arranged that, as far as possible, revenues should be collected and receipts granted by officers subordinate to Civil Commissioners, and not by the Civil Commissioners themselves, not, however, relieving Civil Commissioners of their responsibility.

APPENDIX B. (Not Printed.)

(Correspondence and queries from the Controller and Auditor-General concerning refund of transfer duty to Mr. Wood.)

1889.

COMMITTEE.

HON. SIR J. GORDON SPRIGG (Prime Minister) Chairman	
Hon. Sir T. C. Scanlon.	Mr. T. E. Fuller.
Mr. L. A. Vincent.	Mr. G. E. Wood
Hon. H. W. Pearson.	Hon. C. W. Hutton.
Mr. T. P. Theron	

REPORT.

Your Committee have gone through the Report of the Controller and Auditor-General, and had under consideration the Appropriation Accounts, with the Auditor's remarks thereon, and beg to report as follows:—

Your Committee are pleased to note the great improvement in respect to the manner in which the Public Accounts are kept and rendered by the different Accounting Officers, as compared with the returns of previous years. No account calls for observation. This state of things

1889.

is highly creditable to the Accounting Officers and to the Controller and Auditor-General, under whose prolonged supervision the Public Accounts have been brought into their present satisfactory condition.

A proposal having been made that the Controller and Auditor-General should include in his Annual Report a return of the revenue and expenditure in each district of the Colony, shewing specially the amounts expended on Public Works in each district during the year, such return not to include expenditure on Railways nor receipts of Customs, your Committee have taken the evidence of the Controller and Auditor-General on the subject, and, having considered the matter, are of opinion that the value of the information sought to be obtained would not justify the additional work and expenditure that its collection would involve. A return of the revenue and expenditure of any particular division can be given, if called for, to meet any special requirement.

The statement of Irrecoverable Revenue, compiled in the Treasury from the returns furnished by the several Civil Commissioners and Revenue Officers, amounts to £12,966 17s. 3d. The sanction of the Governor that application be made to Parliament for authority to write off this amount has been obtained, and your Committee recommend that such authority be given.

The Unauthorised Expenditure, as detailed on page 266 of the Report of the Controller and Auditor-General, amounts to £34,346 3s., to cover which an Act is required.

28th June, 1889.

1890.

COMMITTEE.

HON. J. X. MERRIMAN (Treasurer-General) Chairman.

Hon. Sir T. C. Scanlen.

Mr. L. A. Vincent.

Mr. T. E. Fuller.

Hon. C. W. Hutton.

Mr. J. E. Wood.

Mr. T. P. Theron.

HON. C. J. Rhodes.

REPORT.

Your Committee have gone through the Report of the Controller and Auditor-General, and had under consideration the Appropriation Accounts, with the Auditor's remarks thereon, and beg to report as follows:—

With reference to Annexure F to the Report of the Controller and Auditor-General, showing all payments made in 1888-89, exceeding £10 in amount, to officers on the fixed establishment, in addition to their ordinary salaries and emoluments, the Committee have taken the evidence of Mr. Henry de Smidt, Chief Clerk and Accounting Officer of the Colonial Secretary's Department, to which they beg to call attention.

The Committee beg to draw the attention of the Government to paragraph Four of the Controller and Auditor-General's Report on Vote Thirty-eight, with reference to the refund of Stamp Duty to De Beers Mining Company.

It is, in the opinion of your Committee, desirable to provide for the commutation of small pensions to widows under the Widows' Pension Fund, as recommended in paragraph Eight of the Controller and Auditor-General's Report on Vote Forty.

The Statement of Irrecoverable Revenue, compiled in the Treasury from the returns furnished by the several Civil Commissioners and Revenue Officers, amounts to £17,566 9s. 8d. The sanction of the Governor that application be made to Parliament for authority to write

off this amount has been obtained, and your Committee recommend that such authority be given.

The unauthorised expenditure, as detailed on page 246 of the Report of the Controller and Auditor-General, amounts to

£38.037 5 5

To which must be added the balance of deficits on appropriations by special Acts of Parliament, for Immigration, Irrigation, Railway, and other Public Works, as detailed on page 275 of the Auditor's Report

257 18 10

£38.295 4 3

To cover which an Act is required.

1891.

COMMITTEE.

HON. J. X. MERRIMAN (Treasurer-General) Chairman.	
Hon. Sir J. Gordon-Sprigg.	Hon. H. W. Pearson.
Hon. Sir T. C. Scanlen.	Mr. L. A. Vincent
Mr. C. T. Jones.	Hon. C. W. Hutton.
Mr. L. Wiener.	Mr. T. P. Theron.

REPORT.

Your Committee, having gone through the Report of the Controller and Auditor-General and considered the Appropriation Accounts, with the Auditor-General's remarks thereon, beg to report as follows:—

Your Committee have taken evidence upon the system of accounts prevailing in the Railway Department, to which they direct attention; and are of opinion that it is desirable that the Government should consider whether it is not possible to provide more efficient control, through the General Manager's Department, of this branch of the Public Service.

The statement of Irrecoverable Revenue, compiled in the Treasury from the returns furnished by the several Civil Commissioners and Revenue Officers, amounts to £15,410 12s. 9d.; and as the approval of the Executive Council, that application be made to Parliament for authority to write off this amount, has been obtained, your Committee recommend that such authority be given.

The Unauthorized Expenditure requiring to be voted consists solely of deficits on Votes, as detailed on page 224 of the Report of the Controller and Auditor-General, amounting to £27,227 5s. 6d. to cover which an Act is required.

4th August, 1891.

APPENDICES A., B. and C. (Not Printed.)

(Letter and statements showing approximate expenditure to 31st January, 1891, on certain Railway Construction and comparison of Mr. J. Steytler's figures with Mr. Easton's).

1892.

COMMITTEE.

HON. J. X. MERRIMAN (Treasurer-General) Chairman.	
Hon. Sir T. C. Scanlen.	Hon. H. W. Pearson.
Hon. Sir J. Gordon-Sprigg.	Hon. C. W. Hutton.
Mr. C. T. Jones.	Mr. J. A. Vincent.
Mr. L. Wiener.	Mr. T. P. Theron.

FIRST REPORT.

Your Committee beg to report that they have considered the Contingencies Account Bill which was referred to them by an Order of

1892. the House, dated 16th June, 1892, and have examined the Controller and Auditor-General thereon, whose evidence, together with the Bill, they now submit to the House.

7th July, 1892.

SECOND AND FINAL REPORT.

Your Committee, having gone through the Report of the Controller and Auditor-General and considered the Appropriation Accounts, with the Auditor-General's remarks thereon, beg to report as follows:

Evidence has been taken on the subject of the liability under the Civil Service Guarantee Fund, and your Committee consider that the existing regulations are sufficient to protect the Public Revenue from claims for defalcations, if they are strictly observed, which is a matter of administration.

As regards the question of Railway Accounts, your Committee consider that the evidence discloses an unsatisfactory state of affairs in the system of accounting, and a want of control in the Department; and they consider that the attention of the Government should be given to this most important matter.

Several witnesses have pointed out the need that exists for some reform in the present regulations governing the Civil Service. Your Committee think that there is an immediate need for some defined system of classification in the Service, and that promotion and increase of pay should be the subject of regulations. They are also of opinion that the present mode of admission to the Civil Service leaves much to be desired.

The Report of the Controller and Auditor-General, and the evidence bearing thereon, discloses an unsatisfactory state of certain Divisional Councils in the matter of accounts, which requires attention.

Your Committee having had under consideration the Report of the Controller and Auditor-General upon Vote Number 75, Ministerial Division Number VI., are of opinion that the tariff set forth in paragraph 2 of the Report of the Select Committee on Travelling Expenses and Fees in 1888, should be strictly adhered to in respect of Members of Parliament and private individuals serving on Commissions or other public duty not specially provided for by law.

The Statement of Irrecoverable Revenue, compiled in the Treasury from the returns furnished by the several Civil Commissioners and Revenue Officers, amounts to £6,356 15s. 6d., and as the approval of the Executive Council has been obtained for application being made to Parliament for authority to write off this amount, your Committee recommend that such authority be given.

The Unauthorised Expenditure requiring to be voted consists solely of deficits on Votes, as detailed on page 238 of the Report of the Controller and Auditor-General, amounting to £20,163 12s. 9d., to cover which an Act is required.

2nd August, 1892.

APPENDIX A.

Office of the Controller and Auditor-General,
Cape Town, 7th July, 1892.

MEMORANDUM.

With reference to the question, on what authority it is alleged that it is a misdemeanour in England for any person to lend money to the Crown without the authority of Parliament, I find that there is no Statute law which forbids the *voluntary* lending of money to the Crown, save in the case of the Bank of England.

The 10th Section of Act 3, Charter I., Chapter I., requires—"That no man hereafter be compelled to make or yield any Gift, Loan, Benevolence, Tax, or such like charge without common consent by Act of Parliament."

Again, Hampden having been adjudged liable to pay Ship money levied by the Crown without the authority of Parliament Act 16, Charter I., Chapter 14 was passed—"to declare unlawful and void the late proceedings touching Ship money, etc."

Again, the Act 1, William and Mary, Session 2, Chapter 2, being an Act declaring the rights and liberties of the subject, etc., provides in Section 4—"That levying money for or to the use of the Crown by Pre-ference and Prerogative without grant of Parliament for longer time or in other manner than the same is or shall be granted, is illegal."

But in 1694 the Act 5 and 6 of William and Mary, Chapter 20, which *inter alia* authorised the creation of the Bank of England on condition of their lending £1,500,000, provides, in Section 30, that—"If the Governor.....Directors.....or other Members.....shall.....advance or lend to their Majesties, their Heirs or Successors, any sum or sums of money by way of Loan or anticipation.....of the Revenues.....other than such Funds.....or Branches of the said Revenues only on which a credit of Loan is or shall be granted by Parliament: then the said Governor.....or other members.....who shall consent, agree to, or approve of the advancing or lending to their Majesties, their Heirs and Successors, such sum or sums of money as aforesaid, and each and every one of them so agreeing.....and being thereof lawfully convicted, shall for every such offence forfeit treble the value of every such sum or sums of money so lent." While, however, there appears to be no statute law making it illegal generally for a person to lend to the Crown, it is held constitutionally to be a misdemeanour against the State to do so.

In 1846, *vide* "Hansard's Debates," vol. lxxxiii, pages 37-38, Lord Brougham states that Sheridan in 1794 made a very eloquent speech against the dangerous and unconstitutional practice of raising contributions without the consent of Parliament.....The late Sir Philip Frances supported him.....A still greater authority, Mr. Fox, strongly and vigorously supported the same view, also Lord Grey. On the other hand, Mr. Pitt defended the contributions in question without denying the constitutional doctrine, on the ground that Parliament had by its votes sanctioned the use to which the money so raised by voluntary contribution was to be applied.

Again, in 1861, *vide* "Hansard's Debates," vol. cxii, pages 887-8. In discussing a Savings Bank Bill creating a Government Savings Bank, Lord Monteagle in 1861 maintained that no principle was better established than that any person lending money to the Treasury or to the Crown without Parliamentary sanction committed a misdemeanour against the State. In the Charter of the Bank of England, a clause was introduced forbidding money dealings between the Bank and the Treasury except sanctioned by the Crown with Parliamentary authority. He also objected on principle to the Chancellor of the Exchequer having the control of £40,000,000 of the Savings of the people, saying:—"By his command over the sales and investments of these funds the Chancellor of the Exchequer acquired a power to which, as at present administered, he (Lord Monteagle) had very strong objections. He did not speak of any particular Chancellor, for his objection to the principle applied to himself when he had the honour to be Chancellor, as well as to the right hon. gentleman who now held that office, though he had not used this authority in the same manner or to the same extent as it had been applied in later times. When the Chancellor of the Exchequer found that any particular stock or fund Exchequer Bills for example did not appear to have a favourable aspect in the market,

1892. he was empowered to apply the funds of the savings banks in making large purchases of that stock; and was thus enabled to give to that stock a fictitious value. In the same way that purchases were at one time effected, at another sales were made, and the market was thus unduly influenced at the pleasure of the Chancellor of the Exchequer, who thus might be turned into the largest stock-jobber in England; or, at least, the Chancellor of the Exchequer was the largest dealer in public stock of any man in England, and exercised a command over the largest amount of capital. That was not right. It should be remembered that when the Chancellor of the Exchequer went into the market to buy or sell he went with a capital of forty millions at his back, and knowing what he intended to do in his financial operations; while the persons with whom he dealt had no such knowledge; so that he had an advantage over others, which was only to be paralleled by the case of a person who went to the gambling table with loaded dice. This was even avowed and justified. When the subject was mentioned in the House of Commons, the late Mr. Wilson said it was quite true that at a time when Exchequer bills were uncommonly low, the Government were enabled to raise their market value by the employment of the savings bank money, and purchasing bills in the way which he had just described to their lordships; and Mr. Wilson defended the practice by saying that it was very beneficial that the Chancellor of the Exchequer should have the power of purchasing Exchequer bills when the price fell so low as to endanger their being returned on his hands for money, as he thereby raised their value, and prevented the necessity of raising the interest. But that system of dealing with the public securities was not, he (Lord Monteagle) considered, to be tolerated. He did not wish to take away from the Chancellor of the Exchequer any legitimate power which he ought to possess, but he desired that he should in such cases apply to Parliament, and obtain his authority from them. As the law stood at present, these financial operations were conducted in secrecy—a practice wholly indefensible. Precedents were not wanting for proceedings such as he alluded to, but not to the same extent. He (Lord Monteagle), when in office, had funded Exchequer bills bought with savings bank money, but not with money produced by the sale of stock. He believed the Chancellor who had employed those funds most usefully and most justifiably was his late esteemed friend Lord Althorp, one of the most constitutional as well as the most conscientious of men. But his noble friend had acted with the knowledge and the approval of Parliament. In later times the practice had been greatly, and, as he considered, dangerously extended. In one case a transaction to the extent of £7,000,000 took place, although at the time it wanted but three days to the assembling of Parliament when, consequently, Parliamentary authority might have been sought for. Exchequer bonds had also, within a few years, been issued, and payment fixed for certain periods, but though these securities had arrived at maturity, it was not convenient that they should be paid; and securities which the stock market rejected were only kept afloat by applying the money of Savings Banks, in order to repair a financial error, and influencing the price artificially. Such a course—in time of war especially—was also said to be convenient and necessary, as borrowing to pay off the bills returned for money, and borrowed at a higher interest, was thus averted. But neither Mr. Pitt, in the midst of all difficulties and foreign subsidies, and loans, nor anybody else, ever dreamt till the year 1828 of making the public credit depend on Savings Banks, and not on the securities of the State and the revenue raised from taxation."

APPENDIX B. (Not Printed.)

(Statements showing position of expenditure on the Bloemfontein Railway Extension on the 31st January, 1891.)

1893.

COMMITTEE.

HON. SIR J. GORDON SPRING (Treasurer-General), Chairman.	
Hon. Sir T. C. Scanlen.	Mr. C. T. Jones.
Hon. H. W. Pearson.	Mr. L. A. Vincent.
Hon. J. X. Merriman.	Hon. C. W. Hutton.
Mr. T. P. Theron.	

REPORT.

Your Committee have gone carefully over the Report of the Controller and Auditor-General together with the appropriation accounts for the financial year ended 30th June, 1892.

The Statement of Irrecoverable Revenue compiled in the Treasury from returns furnished by the several Civil Commissioners and Revenue Officers, amounts to £5,395 3s. 9d. The sanction of the Governor for application to Parliament for authority to write off this amount has been obtained and your Committee recommend that such authority be given.

Your Committee have had under consideration the treatment of the Revenues accruing and due from time to time to the Orange Free State Government under the Railway Convention of December 1890, as profit on their section of Railway, and they beg to recommend that Parliamentary sanction be obtained for having the amounts transferred to a deposit account in the hands of the Paymaster General, Treasury.

The attention of your Committee has been specially directed to certain irregularities committed by Divisional Councils in the manipulation of their funds, and the Auditor-General, at the request of the Committee, has framed rules and regulations whereby a recurrence of these errors may be avoided or controlled. These regulations, which will require to be enforced by an Act of Parliament, are appended to this report and the attention of the Government is specially called thereto.

With respect to the Order of the House "that the paper, G. 53. '93 be referred to the Public Accounts Committee for consideration, to report on the questions raised therein, and specially on the claim asserted by the Under Colonial Secretary to attach to him of autocratic authority and power in dealing with printing and stationery matters," your Committee have after deliberation decided to make no recommendation upon the subject, regarding the question as being within the sphere of the Executive Government, whose attention they suggest should be directed to the matter.

The unauthorized Expenditure requiring to be voted consists solely of deficits on Votes, as detailed on page 254 of the Report of the Controller and Auditor-General, amounting to £33,913 17s. 2d., to cover which an Act is required.

APPENDIX A (Not Printed.)

(Memoranda and correspondence of Controller and Auditor-General and Mr. Henry de Smidt, Under Colonial Secretary, concerning claim of the latter to autocratic authority and power in dealing with printing and stationery matters)

APPENDIX B (Not Printed.)

(Statement showing expenditure to 31st March, 1893, on services authorised to be met out of Temporary Loans raised under the Act of 1893).

APPENDIX C.

SECTIONS AFFECTING DIVISIONAL COUNCILS.

I. Should the Controller and Auditor-General find that the revenue of a Divisional Council has sustained loss, in consequence of the neglect

1893.

or omission of the Council, or any of its officers, to take proper and timely steps for the recovery of any debt or claim which it was the duty of such Council or officer to recover or cause to be recovered; and should he after due enquiry be of opinion that such neglect or omission implies such gross carelessness or wilful default on the part of such Council or of any of its members or officers, that such members or officers should be personally liable to make good such loss in whole or in part, it shall be lawful for the said Controller and Auditor-General to surcharge personally such members or officers in such amounts, not exceeding in the aggregate the amount of such loss, as he may deem to be fair and reasonable; and if any amounts so surcharged are not recovered within such time as may be allowed in regulations framed under the provisions of the sixth section of the "Audit Act, 1875," the Controller and Auditor-General shall report such surcharges and all necessary particulars to the Attorney-General, who shall sue the person or persons in default, in any Court of competent jurisdiction for the recovery of any amount which in the opinion of such Attorney-General, has been properly surcharged, and any costs adjudged to be payable by the defendants in any such suit shall be payable, by such defendants personally or out of the funds of the Divisional Council concerned, as such Court may direct.

II. Should the Controller and Auditor-General have reason to think that a Divisional Council has granted any increase of salary or wages, or any gratuity or bonus, to any of its officers or employés, or has authorised any other payment in order to provide funds to meet in whole or in part any surcharge made by him, he may personally conduct, or by writing under his hand authorise some person to conduct on his behalf an enquiry into the facts of the case under the 23rd section of the "Audit Act, 1875," and if satisfied after such enquiry that his suspicion was well founded, he may surcharge each member of the Council who consented to such payment in the whole amount so paid, and every such surcharge shall be governed by the provisions of the 122nd section of Act 40 of 1889.

III. For the purpose of any enquiry under the 23rd section of the "Audit Act, 1875," whether conducted by the Controller and Auditor-General personally or by some person authorised by him under the preceding section hereof, every member, officer or employé of a Divisional Council shall be deemed to be a public officer, and the 24th section of every such surcharge shall be governed by the provisions of the 122nd section of Act 40 of 1889.

APPENDIX D. (Not Printed.)

(Memorandum by the Clerk of the House of Assembly, dated 22nd June, 1893, on remarks made by the Controller and Auditor-General on the Appropriation Accounts of Votes 5 to 6 of 1891-2).

1894.

COMMITTEE.

Hon. Sir J. Gordon Spragg (Treasurer-General). Chairman.

Hon. Sir T. C. Scanlen.
Hon. H. W. Pearson.
Hon. J. X. Merriman.

Mr. C. T. Jones.
Mr. L. A. Vincent.
Hon. C. W. Hutton.

Mr. J. E. Wood.

REPORT.

1. Your Committee have gone carefully over the Report of the Controller and Auditor-General, together with the Appropriation Accounts for the Financial Year ended 30th June, 1893.

2. The statement of Irrecoverable Revenue, compiled in the Treasury from Returns furnished by the several Civil Commissioners and Revenue Officers, amounts to twelve hundred and sixty-one pounds fifteen shillings and eight pence, and as the approval of the Executive Council has been obtained for application being made to Parliament, for authority to write off this amount, your Committee recommend that such authority be given.

3. Your Committee have had under consideration the Papers and Correspondence relating to the payment of Pension to Sir James Sive-wright, K.C.M.G., during the time he was a Minister of the Crown, and they are of opinion that the payment was made according to law.

4. The unauthorised Expenditure requiring to be voted consists solely of deficits on the Votes, as detailed on page 260 of the Report of the Controller and Auditor-General, amounting to twenty-five thousand and sixty-seven pounds four shillings and one penny, to cover which an Act is required.

5. The question of Departmental Audit of the public Revenue, under certain heads, having been referred to your Committee for consideration, they beg to report that, after having taken evidence upon the subject, they deem it advisable, in the interests of the Colony and for the better protection of the Revenue, that Departmental Audit should be extended to Revenue accruing under the heads of Transfer Duty and Succession Duty.

6. With reference to the remarks of the Controller and Auditor-General (page xiii. of his Report), in connection with the Railway Sick Funds, your Committee desire to recommend that the attention of the Government be directed to the matter in so far as the Sick Fund of the Western System is concerned.

7. Your Committee have had under consideration the Bill, prepared by the Controller and Auditor-General, to amend the "Audit Act, 1875," and the "Audit Act Amendment Act, 1888," and recommend the introduction thereof to the Government.

8. Your Committee having had their attention drawn to the paragraphs relating to the Sinking Fund payable in respect of the Loan of 1883 (contained in G. 53-94, Report on Loans by the Auditor-General), are of opinion that it would be advisable to make provision for the continuance of that Sinking Fund, as recommended by the Auditor.

27th July, 1894.

APPENDIX A (Not Printed.)

(Statement of Railway Construction Balances Account, Act 8 of 1892, and statements of New and Additional Works, Acts 21 of 1892, and 24 of 1893, to 30th April, 1894).

APPENDIX B. (Not Printed.)

(Account of Temporary Loans authorised, borrowed, and repaid from 1st July, 1893, to 31st May, 1894).

1895.

COMMITTEE.

HON. SIR J. GORDON SPRING (Treasurer General) Chairman	
Hon. Sir T. C. Scanlon	Mr. C. T. Jones.
Hon. J. N. Merriman.	Mr. J. E. Wood
Hon. H. W. Pearson.	Mr. A. Douglass
Hon. C. W. Hutton	Mr. L. Wiener

Mr. H. L. Beard.

REPORT.

1894.

1. Your Committee have gone carefully over the Report of the Controller and Auditor-General, together with the Appropriation Accounts, for the financial year ended 30th June, 1894.

2. The Statement of Irrecoverable Revenue compiled in the Treasury from the Returns furnished by the several Civil Commissioners and Revenue Officers, amounts to £3,000 5s. 10d. The sanction of the Governor that application be made to Parliament for authority to write off this amount has been obtained, and your Committee recommend that such authority be given.

3. Your Committee have had under consideration the advisability of repealing the reserved Schedules provided under the Appropriation Ordinance of 1852, and they recommend the introduction of a Bill amending that Ordinance in certain respects.

4. The Unauthorised Expenditure, as detailed on page 274 of the Controller and Auditor-General's Report, consists solely of deficits on Votes, and amounts to £16,241 6s. 5d., to cover which an Act is required.

19th July, 1895.

APPENDIX A. (Not Printed.)

(Correspondence with the Netherlands South African Railway Company concerning wrong delivery of material).

APPENDIX B. (Not Printed.)

(Letter from Acting Chief Traffic Manager of the Cape Government Railways to the Netherlands South African Railway Company concerning clearing of material and goods for the Company, landed through the Port of East London).

APPENDICES C. AND D. (Not Printed.)

(Case for opinion and Attorney-General's report dated 8th May, 1894, concerning claim of the Netherlands South African Railway Company, referred to in Appendix A).

APPENDIX E.

CONVEYANCE OF TRUCKS OVER THE NETHERLANDS LINE.

No. G. 382.

Cape Town, 2nd July, 1895.

The Chairman,

Select Committee on Public Accounts.

SIR,—At my last examination before your Committee, I was asked as to the charge made to the Netherlands Company for the conveyance of trucks over the Netherlands line. By an arrangement I made with the Company, passenger carriages and vans are charged 1d. per hour and per axle, all other vehicles $\frac{3}{4}$ d. per hour and per axle. Tarpaulins $\frac{1}{4}$ d. per hour, ropes or chains 1-8d. per hour. A period of half an hour or more, but less than an hour, will be reckoned as one hour. No charge to be made on spare or reserved vehicles of one administration, which by mutual arrangement are kept upon the line of the other administration, nor upon vehicles which may have been detained by some unavoidable cause explained satisfactorily to the owning administration.

I have, etc.,

C. B. ELLIOTT
General Manager.

APPENDIX F. (Not Printed.)

1895.

(Letter from Financial Secretary of Railways, with statements showing the earnings and expenditure to the 31st May, 1895, in connection with the working of the Vryburg-Mafeking Railway Extension).

APPENDIX G. (Not Printed.)

(Statement of Railway Construction Balances Account to 30th June, 1895).

APPENDIX H

SEA POINT AND CAPE CENTRAL RAILWAY COMPANIES.—RESULTS OF WORKING AGREEMENTS.

No. G.480.

Cape Government Railways,
Cape Town, 18th July, 1895.

The Chairman of the
Select Committee on Public Accounts.

SIR.—In continuation of my letter No. G.14989-435 of the 12th instant, I have the honour to transmit, for the information of the Select Committee on Public Accounts, the following documents, viz. :—

1. Statement shewing the financial results of the Agreements entered into with the above-named Companies for hire of Rolling Stock to the 31st December, 1894.
2. General Manager's explanatory notes in connection with statement of results.

I have, etc.,
JAS. EASTON,
Financial Secretary.

STATEMENT showing Results of Agreements entered into by the Railway Department for the Supply of Rolling Stock to the
Sea Point and Cape Central Railway Companies.

CAPE CENTRAL RAILWAY COMPANY.

SEA POINT RAILWAY COMPANY.

Year.	Received for services rendered at Worcester Station.	Received from Company for Hire of Rolling Stock.	Total Received.	Estimated cost to Railway Department. Repairs to Rolling Stock.	Total net Receipts in excess of Expenditure.	Received from Company for Hire of Rolling Stock.	Estimated cost to Railway Department. Repairs only.	Total net Expenditure in excess of Receipts.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1887	250 0 0	122 16 9	672 16 9	158 18 2	213 18 7	...	...	...
1888	500 0 0	678 8 10	1,178 8 10	721 13 10	457 15 0	...	...	...
1889	500 0 0	673 18 0	1,173 18 0	615 10 10	558 7 2	...	...	...
1890	500 0 0	673 18 0	1,173 18 0	616 0 11	557 17 1	...	...	...
1891	513 11 11	673 18 0	1,187 12 11	845 7 3	342 5 6	...	...	...
1892	518 10 2	673 18 0	1,192 8 2	1,226 11 2	34 6 0	400 0 0	351 7 6	45 12 6
1893	786 17 11	673 18 0	1,260 15 11	1,220 1 8	40 11 3	633 6 8	1,580 13 1	947 6 8
1894	531 13 8	673 18 0	1,205 11 8	1,220 17 3	44 14 5	1,000 0 0	1,863 0 10	863 0 10
	3,960 16 8	5,141 13 7	9,105 10 3	46,928 1 3	2,177 6 0	2,033 6 8	43,798 1 8	1,761 15 0

+ Exclusive of Depreciation and Interest on Capital Cost of Rolling Stock, for which no charge is made.

JAS. EASTON,

Financial Secretary.

18th July, 1895.

THE CAPE CENTRAL RAILWAY.

1895.

Notes explanatory of Statement attached.

The agreement was entered into on 22nd November, 1886, but, owing to the Company reducing its requirements, was subsequently modified. As finally amended, the agreement fixed the following charges:—

For hire of rolling stock, £673 18s. 0d. per annum.

For services at Worcester Station a minimum of £500 and a maximum of £1,000 per annum.

The charge of £673 18s. 0d. for hire of rolling stock was for the use of 1 engine, 3 carriages, 1 van and 15 trucks per diem running to Ashton and back—exclusive of wages of driver and fireman and stores.

In the latter end of 1891, however, the Company, with the same stock, ran 2 trains daily in each direction, and the then Commissioner decided that no increased charge should be made until further notice.

The terms above mentioned are still in force.

I would call special attention to the fact that in arriving at the expenditure, both in the case of the Cape Central Co. and in that of the Sea Point Railway Co., the estimated expenditure has been taken, as it has not been found practicable to keep the actual expenditure altogether separate.

C. B. ELLIOTT.
General Manager.

July 18th, 1895.

THE SEA POINT RAILWAY

Notes explanatory of Statement attached

The line was opened on 1st September, 1892, and owing to trucks fitted for passengers having been supplied instead of passenger carriages, the Department agreed to accept £700 instead of £1,200 for the first year, namely, from 1st September, 1892, to 31st August, 1893.

From the 1st of September, 1893, it was agreed that the Company should pay £1,000 per annum for hire of rolling stock, but on the 28th September, 1894, notice was given to the Company that the agreement would be terminated on its expiry on 31st March, 1895.

On the 26th of November, 1894, the Department intimated to the Company that the agreement would be renewed for one year after the 31st March, 1895, at a charge of £2,200 per annum for an average of 7,400 train miles per month, any mileage in excess to be charged for in proportion.

On receipt of this letter negotiations followed, and the Company finally intimated that it preferred to supply its own rolling stock to paying the Department £2,200 per annum for hire. Ultimately, it was agreed that the Company should supply its own rolling stock, and to give it time to do so, the Department agreed to extend the term of the agreement of £1,000 per annum from the 31st March to 30th June, 1895, and in the event of the stock arriving in the Colony in July, 1895, the £1,000 rate would apply to that month also. If, however, the stock arrived in August or September, the £2,200 rate would be charged from the 1st July, 1895.

C. B. ELLIOTT.
General Manager.

July 18th, 1895.

1896.

COMMITTEE.

HON. SIR J. GORDON SPRIGG (Prime Minister) Chairman.

Hon. Sir J. Sivewright.
 Hon. J. X. Merriman.
 Hon. C. W. Hutton.
 Mr. C. T. Jones

Mr. L. Abrahamson.
 Mr. J. E. Wood.
 Mr. A. Douglass.
 Mr. L. Wiener.

Mr. H. L. Beard.

REPORT.

1. Your Committee beg to report that they have gone carefully over the Controller and Auditor-General's Report, together with the Appropriation Accounts for the financial year ended 30th June, 1895.

2. Your Committee are of opinion that it is desirable that provision be made for the amendment of the Act under which Sinking Fund Commissioners are now appointed, and that a Board, composed of certain specified Government officials and others resident in the Cape Colony, should be constituted, with defined powers and authority, including the right to grant annuities, and that a Bill be introduced for this purpose during next Session.

3. That it is desirable that Act No. 20 of 1883, the "Temporary Loans Act," should be repealed, as far as regards the sum authorised to be borrowed, and that in future every Act authorising any temporary loan should provide for raising the specific sum required, and no more.

4. The Irrecoverable Revenue Statement, compiled in the Treasury from the returns furnished by the several Civil Commissioners and Revenue Officers, amounts to £1,381 15s. 9d. The approval of the Governor that application be made to Parliament for authority to write off this amount has been obtained, and your Committee recommend that such authority be given.

5. An Act is required to cover the amounts of Unauthorised Expenditure as detailed on page 262 of the Controller and Auditor-General's Report. They consist solely of deficits on Votes, and total £2,051 17s. 4d.

17th July, 1896.

APPENDICES A. B. AND C. (Not printed.)

(Statements showing results of the working of the Vryburg-Mafeking and Indwe Railways Lines and of the accounts with the Netherlands Railway Company to the 30th April, 1896).

APPENDIX D.

STATEMENT showing the result of Agreement entered into between the Cape Government and Cape Central Railway Company for the hire of Rolling Stock, and the working of Worcester Station, from the date of opening to 31st December, 1905.

Year.	Received for services rendered at Worcester Station.	Received for the hire of Rolling Stock.	Total received.	Estimated cost of working Worcester Station.	Estimated cost of repairs to Rolling Stock.	Total estimated expenditure.	Net excess of receipts over expenditure.	Net excess of expenditure over receipts.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1897	250 0 0	122 16 9	672 16 9	250 0 0	458 18 2	708 18 2	...	36 1 5
1898	500 0 0	678 8 10	1,178 8 10	500 0 0	721 13 10	1,224 13 10	...	46 5 0
1899	500 0 0	673 18 0	1,173 18 0	500 0 0	615 10 10	1,115 10 10	58 7 2	...
1900	500 0 0	673 18 0	1,173 18 0	500 0 0	616 0 11	1,116 0 11	57 17 1	...
1901	513 14 11	673 18 0	1,187 12 11	513 14 11	845 7 5	1,359 2 4	...	171 9 5
1902	518 10 2	673 18 0	1,192 8 2	518 10 2	1,226 14 2	1,745 4 4	...	552 16 2
1903	586 17 11	673 18 0	1,260 15 11	586 17 11	1,220 1 8	1,806 19 7	...	546 3 8
1904	591 13 8	673 18 0	1,265 11 8	591 13 8	1,220 17 3	1,812 10 11	...	546 19 3
1905	644 3 7	673 18 0	1,318 1 7	644 3 7	1,224 9 8	1,868 13 3	...	550 11 8
	4,605 0 3	5,818 11 7	10,423 11 10	4,605 0 3	8,152 13 11	12,757 14 2	116 4 3	2,450 6 7
Deduct Receipts in excess of Expenditure							...	116 4 3
Leaving a net estimated loss to Government of ...							...	2,334 2 1

1896.

APPENDIX E.

NEW AND ADDITIONAL WORKS.—CAPE GOVERNMENT RAILWAYS.

Statement of Annual Expenditure.

	Western.			Midland.			Northern.			Eastern.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
1879	14,303	6	7	22,544	1	11	...	...	...	8,593	14	7
1880	16,966	1	4	104,517	19	0	...	...	...	10,255	15	3
1881	43,237	2	9	63,767	19	4	...	...	...	9,659	2	11
1882	221,553	14	3	19,036	10	7	...	...	...	23,534	4	5
1883	64,174	19	6	39,126	15	4	...	...	...	18,771	15	2
1884	35,651	10	7	23,629	10	9	...	...	...	20,100	2	8
1885	123,634	18	10	72,797	5	11	...	...	...	672	19	8
1886	3,956	16	2	287	16	3	...	...	...	9,010	6	2
1887	9,874	19	7	1,648	3	11	...	...	...	2,207	18	0
1888	20,056	19	6	9,281	19	6	...	...	...	1,482	19	3
1889	35,534	13	10	17,211	6	3	...	...	...	4,028	14	6
1890	156,917	5	2	248,597	12	2	...	...	...	14,534	0	7
1891	160,960	3	11	91,821	19	7	...	...	...	22,871	1	3
1892	93,656	16	6	55,292	1	11	...	...	...	26,061	16	5
1893	173,945	7	10	155,451	19	3	29,172	9	0	48,875	6	2
1894	171,826	2	11	126,474	16	2	98,782	17	3	94,439	6	2
1895	93,476	4	6	11,960	6	2	69,738	1	7	8,537	16	10
Totals	1,431,813	11	5	1,060,151	16	2	197,693	7	10	320,671	1	6

APPENDIX F. C.

RE-LAYING ACCOUNT.—CAPE GOVERNMENT RAILWAYS..

Statement of Annual Expenditure incurred on account of Re-laying.

	Charged to Working.			Charged to Capital Account.			Grand Total.		
	£	s.	d.	£	s.	d.	£	s.	d.
1890	64,280	15	1	...	...	...	64,280	15	1
1891	18,276	0	0	191,060	12	8	209,336	12	8
1892	36,552	0	0	*60,348	16	3	23,796	16	3
1893	72,723	6	5	36,396	18	8	159,120	5	1
1894	29,563	4	9	77,324	16	6	106,888	1	3
1895	2,585	12	6	*7,912	12	5	5,326	19	11
Totals	223,980	18	9	286,520	19	2	510,501	17	11

*Credits realised by materials released.

APPENDIX G. (Not Printed.)

(Statement of Expenditure incurred by the Cape Government Railways on account of the Vryburg-Mafeking Line, recovered from the Company).

APPENDICES H. AND I. (Not Printed.)

(Statement of Expenditure incurred by the Cape Government Railways on account of the Sterkstroom-Indwe Railway debited but not then recovered from the Company, and copy of Agreement with the said Company).

APPENDIX J. (Not Printed.)

(Statement of Temporary Loans raised under Act 20 of 1883 for Railway purposes and re-payments of same to 31st December, 1895).

APPENDIX K. (Not Printed.)

1896.

(Statement showing amounts authorised to be borrowed by means of Temporary Loans, the amounts borrowed and the powers unexercised at the close of each of the financial years 1890-1891 to 1895-1896 inclusive).

APPENDIX L. (Not Printed.)

(Statement showing Treasury Bills issued and re-paid for Railway and other public purposes during the six financial years 1890-1891 to 1895-1896 inclusive).

1897.

COMMITTEE.

RIGHT HON. SIR J. GORDON SPRIGG (Prime Minister) Chairman.

Hon. J. X. Merriman.
Hon. C. W. Hutton.
Mr. C. T. Jones.
Mr. L. Abrahamson.

Mr. J. E. Wood.
Mr. A. Douglass.
Mr. L. Wiener.
Mr. H. L. Beard.

REPORT.

1. Your Committee desire to report that they have gone carefully over the Controller and Auditor-General's Report, together with the Appropriation Accounts for the Financial Year ended 30th June, 1896.

2. The Statement of Irrecoverable Revenue compiled in the Treasury from the Returns furnished by the several Civil Commissioners and Revenue Officers amounts to £1,915 16s. 8d. His Excellency the Governor has approved of an application being made to Parliament for authority to write off these amounts, and your Committee beg to recommend that the necessary authority be given.

3. Your Committee have had under consideration the Bill to provide for the appointment of Commissioners for the Reduction of the Public Debt of the Colony, and to enable such Commissioners to grant annuities for life or for terms of years, which, by Order of the House, dated 9th April, 1897, was referred to them. This matter has been gone into carefully, and your Committee beg to submit for the sanction of the House an amended Bill. [A.B. 4A—'97.]

4. The Unauthorised Expenditure, as detailed on page 296 of the Controller and Auditor-General's Report, consists solely of Deficits on Votes, and amounts to £654 18s. 4d., to cover which an Act is required.

25th May, 1897.

APPENDICES A AND B (Not Printed.)

(Statements of Accounts with the Bechuanaland Railway Company and the Indwe Railway Company for the 12 months ending 31st December, 1896, and the 3 months January, February and March, 1897, respectively).

1898.

COMMITTEE.

HON. J. X. MERRIMAN (Treasurer-General) Chairman.

Right Hon. Sir J. Gordon Sprigg.	Mr. J. A. Hill.
Hon. Dr. T. N. G. de Water.	Mr. D. C. de Waal.
Mr. T. E. Wood.	Mr. J. L. M. Brown.
Mr. A. Douglass.	Dr. J. M. Hoffman.
Mr. E. H. Walton.	Hon. Sir J. Sivewright.

REPORT.

1. Your Committee have to report that they have gone through the Controller and Auditor-General's Report together with the Appropriation Accounts, for the Financial Year ended 30th June, 1897.

2. The statement of Irrecoverable Revenue compiled in the Treasury from the returns furnished by the several Civil Commissioners and Revenue Officers amounts to £3,960 2s. 3d. His Excellency the Officer Administering the Government has approved of an application being made to Parliament for authority to write off these amounts, and your Committee beg to recommend that the necessary authority be given.

3. Your Committee have had under their consideration what constitutes an irregularity in the application of Public Funds, as disclosed by the Stores Balances and Suspense Accounts in the Railway Department. It is only just to add that the departure from the principles laid down in the Audit Act and Regulations involved in the procedure complained of, is of many years standing.

4. It has been the habit to advance from funds voted by Parliament for construction of Railways such amounts as were required for stores purposes in excess of the sum of £190,000 set apart by Act 25 of 1884 with the object of creating a reserve of stores.

5. As the stores so purchased were issued to lines under construction, or to working and maintenance, the sums in payment for these were carried to credit, and replaced the funds diverted from their original object.

6. As long as the amount so dealt with was not excessive, no great inconvenience was felt, but of late there has been a great increase in this respect, and the attention of the Committee was drawn to the fact, that it was found possible, under that system, to divert money voted for the payment of subsidies on account of lines to be constructed by contractors, to the purchase of stores and rolling stock on lines other than those in respect of which the sums were originally set apart.

7. Your Committee think that the system which permits a requisition for funds to be granted for a purpose other than that for which Parliament intended those funds to be expended, is highly irregular, and they trust that steps will be taken to prevent such action in the future.

8. It has been urged by the Railway Department, and there is some force in the contention, that the amount set apart to provide a stores balance was totally insufficient for the altered conditions and extended business of the Railway system, and your Committee venture to hope that means will be taken to make such provision in this respect as will prevent a recurrence of the irregularity brought to their notice.

9. Your Committee have also considered the possibility of effecting some alteration in the system of yearly votes for Public Works which may take several years to complete, which now by a succession of partial annual votes, tends to the confusion of the Accounts, and perhaps also to an absence of control by Parliament.

10. They are not prepared to make any definite recommendation in the direction of an alteration in the existing system, but they consider

that the subject is one deserving attention of the Government and investigation as to the practice followed elsewhere.

11. The subject of the allocation of lump sums of money to such bodies as the Geological Commission having been brought up, your Committee see no objection to this practice being followed, as is the case with the South African Museum, provided that the accounts of such bodies are subject to periodical audit by the Auditor-General.

12. Your Committee have also to notice the practice which has obtained of placing upon the Estimates submitted to Parliament sums in respect of expenditure incurred antecedent to the period to cover which the Estimates were framed. They consider this practice a faulty one and calculated to mislead, and would recommend that provision in respect of such sums might more fitly be made by means of an Unauthorised Expenditure Act.

13. The Committee recommend in pursuance of the provisions of Section 10 of the Audit Act Amendment Act, 1888, that both Houses of Parliament should pass resolutions establishing Departmental Audit of all Revenue outstanding on the 30th June, 1899, and accruing from time to time after that date, under the following heads, to be conducted in the Department of the Treasury, viz.:—

1. All amounts received on account of the disposal of Crown Lands applicable to the redemption of the Public Debt of the Colony.
2. All sums payable as interest on Crown Land and other Bonds, Loans and other Securities.

14. The unauthorised expenditure as detailed in the Controller and Auditor-General's report, consists of deficits on votes amounting to £28,497 18s. 2d. and a deficit of £77 13s. 10d. on Act No. 33 of 1896— together £28,575 12s. 0d. to cover which an Act is required.

13th December, 1898.

APPENDIX A. (Not Printed.)

(Memo. from the Controller and Auditor-General concerning £30,403 19s. 3d. cut out of the expenditure of 1896-97, in the absence of either Parliamentary authority or Governor's Warrant).

APPENDIX B.

Extract of Letter dated the 18th November, 1898, from the Assistant Treasurer, to the Controller and Auditor-General, regarding Departmental Audit of Revenue.

SIR,—I am directed to acknowledge receipt of your letter of the 12th instant, No. 1/670/342, forwarding corrected proofs of chapters 1 and 11 of the Codified Audit Regulations, and recommending that they be Gazetted as soon as approved by the Administrator.

In returning the Regulations, I desire to say, that my attention has been directed to several desirable amendments in these Regulations, some of them of very great importance, and I would therefore suggest that the Regulations should be reconsidered with a view to the introduction therein of alterations that will give effect to certain changes in the system of audit, some of which I have already mentioned and discussed, either with yourself or the Assistant Controller and Auditor-General.

First and foremost there is the question of the audit of sums received on account of the disposal of Crown Land, the proceeds of which are by law devoted to the Sinking Fund, of which Mr. W. A. Collard, my Chief Clerk, has been appointed the Accounting Officer since the appointment of Sinking Fund Commissioners under the Act of 1897.

Looking at it from every point of view, it seems essential that the Accounting Officer should be compelled to keep a complete account of

1898.

all sums, not only received but also accruing to the fund, and to do this effectually, he will have to keep practically all the Records and Books now kept by the Survey Office, by yourself and by this Department—there being at present a distinct duplication of work to meet the exigencies of the existing systems.

I propose that in the Treasury there should be kept an account of every lot of surveyed Crown Land that is in a condition to be sold, leased or alienated, under one or other of the Crown Land Acts; that the Treasury should watch the disposal of these lands; should keep copies of notices and advertisements advertising the sale; should be independently apprised by the Ministerial Department of all authorities issued by such Department involving the actual or probable disposal or treatment of Crown Land in such a manner as to lead eventually to the receipt of money applicable to the redemption of the public debt of the Colony.

The Treasury should also receive as directly as possible original information by way of vendue roll or other kind of notification as to the sums payable in respect of lands disposed of.

The Treasury should also be charged with the duty of ensuring the prompt and punctual payment of instalments on account of capital, licence receipts, etc., accruing to the funds, and the duty should also be imposed upon it of ensuring the execution of Mortgage Bonds for portions of capital sums not paid in cash. And although the income from such bonds is not applicable to the redemption of the debt and is due to the revenue, it would economise time and labour if the same Accounting Officer could be charged with the departmental audit of such revenue.

If this proposal be carried out, the books at present kept by the Survey Office and the books at present kept in your office might be abandoned, the books at present kept in the Treasury, supplemented by folios dealing with the remainder of the items, being retained and subject to audit by officers of your Department. And, in order to enable your Department completely to audit these books, it should be arranged that to your Department should be sent, as directly and from as independent a source as possible, complete information as to the sums accruing to the account kept in this Department.

I would further suggest that the interest on Local Works Loans and Irrigation Acts should be deposited by the Civil Commissioners directly to the revenue, instead of to the credit of the Local Works Loans and Irrigation Acts Accounts, respectively, and that instead of being both departmentally and finally audited in your department it should be departmentally audited by the Accounting Officer responsible for the capital account.

I may add that all Civil Commissioners are now supplied with a table, computed by the Government Actuary, showing in respect of every loan the exact amount that is to be credited as interest to revenue and to capital account of every half-year.

The Local Works Loans ledgers at present kept in the Treasury could, by the simple utilization of the inner column on both sides, afford complete means of recording and checking both interest and capital by one simple operation. The same books would, in respect of any given date, readily disclose the exact amount, both of interest and of capital, outstanding from time to time.

APPENDIX C. (Not Printed.)

(Statement handed in by the General Manager of Railways showing stock of rails on hand on the Western System on the 30th June, 1898).

APPENDIX D.
Office of the General Manager,
Cape Government Railways,
Cape Town, December 13th, 1898.

1898.

No. G. 739.]

SIR.—In accordance with the wish of the Committee, I have the honour to forward herewith the following statements in regard to stores on the Cape Government Railways, viz.:—

- (a) The value of stores received during 1895, 1896, 1897.
- (b) The value of stores issued to Working and Maintenance, exclusive of rolling stock, during 1895, 1896, 1897, showing the average issues during those three years.
- (c) The value of stores received during the period 1886-1897, both years inclusive.
- (d) The value of stores issued to Working and Maintenance, exclusive of rolling stock, during the period 1886-1897.
- (e) Value of stores on hand on the 30th June, 1896, reduced to twenty-four items.

With regard to the issue of stores to Working and Maintenance, the figures given show the amounts charged out by the Chief Railway Storekeeper to Working and Maintenance, but these figures cannot be taken to be the exact amounts brought to the final charge against Working and Maintenance, as they include stores which have been subsequently allocated by the several departments to Capital, New Works, and other outside accounts. To extract the amounts ultimately charged out to Capital, New Works, and other outside accounts, would take up so much time that the returns could not be ready during the present session of Parliament.

It has also been found impracticable, for want of time, to carry back the issue of stores to Working and Maintenance to the year 1880, but I have been able to get it from the year 1886 to 1897, which I trust will meet the requirements of the Committee.

I have, etc.,

C. B. ELLIOTT,

General Manager.

The Chairman of the Select Committee
on Public Accounts.

CAPE GOVERNMENT RAILWAYS.

STATEMENT, showing the value of Stores Received during the three years 1895, 1896 and 1897.

Year.	Western.	Midland.	Eastern.	Northern.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1895	294,368 13 3	163,615 1 10	71,975 11 0	116,669 13 3	646,628 19 4
1896	487,187 17 2	574,569 4 11	131,835 8 11	128,871 16 4	1,322,464 7 4
1897	501,871 3 3	804,612 0 2	115,331 4 11	..	1,852,417 8 4
	£ 1,683,427 13 8	£ 1,542,796 6 11	£ 349,745 4 10	£ 245,341 9 4	£ 3,821,310 14 9

CHAS. COCK,

For Chief Railway Storekeeper.

Chief Railway Storekeeper's Office,
Cape Town, December 12th, 1898.

1898.

CAPE GOVERNMENT RAILWAYS.

STATEMENT, showing the value of Stores (excluding Rolling Stock) *issued to Working Departments* during the three years, 1895, 1896 and 1897.

Year.	Western.	Midland.	Eastern.	Northern.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1895	205,055 17 11	159,180 9 2	75,759 3 7	46,197 8 11	486,192 19 7
1896	259,267 14 10	191,033 1 1	91,619 1 8	88,228 14 6	630,148 12 10
1897	448,434 19 9	278,417 2 4	109,422 12 5	...	836,274 14 6
£	912,758 12 6	628,630 12 7	276,800 17 8	134,426 3 5	1,952,616 6 2
AVERAGE.					
£	304,252 17 6	209,543 10 10	92,266 19 3	44,808 14 6	650,872 2 1

CHAS. COCK,

For Chief Railway Storekeeper.

Chief Railway Storekeeper's Office,
Cape Town, December 12th, 1898.

CAPE GOVERNMENT RAILWAYS.

STATEMENT, showing the value of Stores *Received* during the period 1886-1897, both inclusive.

Year.	Western.	Midland.	Eastern.	Northern.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1886	109,869 16 2	70,230 7 11	40,604 17 3	...	220,705 1 4
1887	111,341 11 5	70,498 19 2	32,165 4 7	...	214,005 15 2
1888	144,233 13 4	132,492 9 2	32,310 16 9	...	309,036 19 3
1889	290,404 3 5	359,359 2 8	32,512 16 3	...	682,306 2 4
1890	388,966 1 4	857,378 0 0	49,158 17 3	...	1,295,502 18 7
1891	434,618 12 11	755,833 17 2	177,011 14 9	...	1,367,464 4 10
1892	352,741 17 7	597,810 5 2	136,320 16 11	...	1,086,872 19 8
1893	326,015 3 2	321,713 9 0	132,909 5 7	...	780,637 17 9
1894	335,972 17 5	276,891 18 1	83,464 5 11	47,441 19 9	743,771 1 2
1895	291,368 13 3	163,615 1 10	71,975 11 0	116,469 13 3	646,428 19 4
1896	187,187 17 2	574,569 4 11	131,835 8 11	128,871 16 1	1,322,464 7 1
1897	901,871 3 3	804,612 0 2	145,934 4 11	...	1,852,417 8 4

CHAS. COCK,

For Chief Railway Storekeeper.

Chief Railway Storekeeper's Office,
Cape Town, December 12th, 1898.

NOTE.—There has not been time to carry the information back to 1880.

J. EASTON, Fin. Sec. 13 12 98.

CAPE GOVERNMENT RAILWAYS.

STATEMENT showing value of Stores on hand on 30th June, 1898, on the various Systems.

1898.

Description of Article.	Western.		Midland.		Eastern.		Grand Total.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Brake Gear (various) ...	23,113	3 0	2,659	18 6	3,503	7 10	29,276	9 4
Bricks, Building, &c. ...	4,998	8 11	455	16 1	453	19 6	5,908	4 6
Bridge Work ...	722	14 9	1,065	7 0	346	10 5	2,134	12 2
Cement ...	2,089	4 10	2,146	18 3	301	7 5	4,537	10 6
Coal, Smiths' and Steam Drills, Diamond and Fittings ...	24,801	15 7	18,051	18 8	4,341	2 10	47,197	17 1
Electric Gear ...	1,318	11 8	...	...	...	...	1,318	11 8
Fencing Materials, all kinds ...	4,214	12 4	409	17 6	147	1 8	4,771	11 6
General ...	3,934	11 10	5,283	2 7	6,038	6 8	15,256	1 1
Iron and Steel, all kinds ...	61,232	1 1	35,785	6 2	26,935	17 2	123,953	4 5
Lamps and Fittings ...	18,175	7 0	9,398	12 8	4,613	18 2	32,217	17 10
Oils, all kinds ...	3,914	10 0	2,052	17 8	915	7 6	6,912	15 2
Permanent Way Material, various ...	10,331	12 3	15,833	13 5	5,307	15 6	31,473	1 2
Piping and Fittings, all kinds ...	48,414	3 1	42,402	1 7	13,874	10 0	104,690	14 11
Roofing Material ...	1,861	17 6	13,158	12 9	896	10 7	19,217	0 10
Signals and Fittings ...	4,316	15 3	...	...	...	...	4,316	15 3
Springs, various ...	3,962	8 4	268	7 4	394	15 3	4,625	10 11
Stationery ...	2,616	12 1	2,053	16 9	797	11 0	5,498	0 1
Tanks, Cast Iron and Galvanized, and Fittings ...	25,327	19 5	...	...	...	...	25,327	19 5
Tarpaulins, undressed ...	1,472	3 10	1,289	9 2	389	3 1	3,150	16 4
Timber, various ...	...	...	19,082	15 6	...	...	19,082	15 6
Tubes, Boiler, Iron, Copper and Brass ...	903	15 5	746	0 4	351	17 1	2,001	12 10
Tyres, all kinds ...	19,334	13 4	7,833	19 11	5,057	9 7	32,226	2 10
Waste Cotton ...	3,214	10 10	2,331	2 4	1,033	3 5	6,611	16 7
	4,997	3 6	1,281	13 0	1,211	5 11	7,490	2 5
	1,319	18 4	582	11 2	381	16 11	2,314	9 5
	279,741	14 8	184,477	1 4	77,325	17 9	541,541	13 9

CHAS. COCK,

Chief Railway Storekeeper's Office, For Chief Railway Storekeeper.
Cape Town, December 12th, 1898.

CAPE GOVERNMENT RAILWAYS.

Statement showing the value of Stores (excluding Rolling Stock) issued to Working Departments during the period 1886-1897, both inclusive.

Year.	Western.		Midland.		Eastern.		Northern.		Total.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
1886	89,102	15 6	71,289	6 6	28,504	15 1	...	...	189,196	17 1
1887	91,771	6 9	65,061	11 3	27,287	2 6	...	...	187,126	3 6
1888	108,682	18 1	95,124	11 0	24,873	12 7	...	...	228,981	1 8
1889	168,248	1 5	117,833	11 1	31,031	8 2	...	...	317,116	0 8
1890	218,737	6 5	210,267	6 1	11,256	11 6	...	...	473,261	1 3
1891	217,018	11 10	307,110	9 5	63,166	16 5	...	...	617,266	0 8
1892	203,156	2 4	176,751	19 0	83,911	18 11	...	...	664,153	0 3
1893	177,548	2 10	198,912	6 6	111,701	14 2	...	...	521,195	3 6
1894	278,994	13 0	172,695	3 7	72,492	5 5	21,752	7 10	545,814	9 10
1895	265,955	17 11	159,480	9 2	75,759	3 7	16,197	8 11	486,192	19 7
1896	259,267	11 10	191,633	1 1	91,619	1 8	88,228	11 6	630,148	12 1
1897	118,431	19 9	278,417	2 1	109,122	12 5	...	...	836,271	11 6

CHAS. COCK,

Chief Railway Storekeeper's Office, For Chief Railway Storekeeper.
Cape Town, December 12th, 1898.

1899.

COMMITTEE.

Hon. J. X. MERRIMAN (Treasurer-General) Chairman.

Right Hon. Sir J. Gordon Sprigg	Mr. J. C. Molteno.
Mr. A. Douglass.	Mr. C. Searle.
Mr. E. H. Walton.	Dr. J. M. Hoffman.
Mr. J. A. Hill.	Mr. N. F. de Waal.

REPORT.

Your Committee beg to report that they have gone through the Report of the Controller and Auditor-General, together with the Appropriation Accounts for the Financial year ended the 30th June, 1898.

Your Committee have had brought to their notice a regrettable error that has crept into the Report of the Controller and Auditor-General for the year 1898. This, though making a considerable difference in the balance of assets and liabilities, does not involve any error in the accounts of Revenue and Expenditure, but arises from the misinterpretation of an Act of Parliament authorising certain expenditure.

The occurrence of this error shows your Committee the necessity for the preparation of the statement of Assets and Liabilities by the Treasury, which should afterwards be subject to audit by the Controller and Auditor-General, and not in the first instance be prepared by him.

Acting on the same principle, your Committee are of opinion that the task of framing accounts of all Loan Bills should, in the first instance, be the duty of the Treasury, subject to audit by the Controller and Auditor-General.

Your Committee direct attention to the interesting evidence of the Assistant Treasurer on the subject of the securities held by the Treasury, both on account of the Colony and in trust for others. They are of opinion that these securities should be subject to regular audit, and be mentioned in the Annual Account presented by the Controller and Auditor-General. Your Committee are also of opinion that the Controller and Auditor-General should, at intervals, not more than one year apart, make a searching audit of the books and accounts of the Treasury, and an inspection of the securities held by that Department.

The attention of the Committee has been drawn to the growing expenditure upon printing, which, from the evidence before them, appears to be in many cases excessive. They desire to bring this to the notice of the Government with a view of securing more careful supervision over this branch of the expenditure.

The Committee recommend that the inclusion of the account for the Kowie Harbour Works in the Annual Report of the Controller and Auditor-General be discontinued, as expenditure on these works has ceased, and the account in the form presented is therefore misleading.

The amount of unauthorised expenditure as detailed in the Report of the Controller and Auditor-General consists of deficits on Votes to the amount of £770 11s. 1d., to cover which an Act is required.

26th September, 1899.

SPECIAL REPORT.

- (3) As soon as any interest on, or any debentures or stock forming part of the Public Debt of the Colony, or any contribution towards the gradual extinction of such debt by annual drawings, becomes due and payable, the amount so due shall be paid into a separate Deposit Account to be kept in the Treasury, and audited by the Controller and Auditor-General, and shall

forthwith become a final charge to the Vote entitled "Public Debt," anything in Act 30 of 1875 to the contrary notwithstanding.

1899.

- (4) All interest on the Public Debt of the Colony, and all debentures and stock which may thus become due and payable, shall, when actually paid or redeemed, be charged together with the expense of annual drawings to the aforesaid Deposit Account.

25th August, 1899.

APPENDIX A. (Not Printed.)

(Statement of expenditure of the Port Elizabeth Harbour Board to 31st December, 1898, under Acts 10 of 1894, and 26 of 1896, and copy of the voucher for £90 paid for catering in a special train conveying the members of the Customs Union Conference in April, 1898).

APPENDIX B.

25th July, 1899.

No. 1/1087/857.]

The Honourable the Treasurer.

SIR,—It is with extreme regret that I have discovered an error of the officer who actually prepared the statement of Treasury Assets and Liabilities published on pages 358—359 of my Report for 1897—'98 [G. 1. —'99] and which unfortunately escaped my own notice and that of the Assistant Controller and Auditor-General before it was printed. Under the Assets, Act 28 of 1895 has been stated at £565,000 which would only be correct if the Liabilities under Railway Construction had included £419,000 more than it does. Under these circumstances I have the honour to forward a copy of my Report *amended* as regards pages 358—363 and to express my hope that you have not as yet made use of the erroneous figures as printed. I have, etc.,

C. ABERCROMBIE SMITH.

Controller and Auditor-General.

APPENDIX C. (Not printed.)

(Letter from the Controller and Auditor-General dated 28th July, 1899, concerning reconciliation of Treasury Assets and Liabilities on the 30th June, 1898, as shown by him and as shown by the Treasury).

APPENDIX D.

No. M/328/377.

Office of the Controller and Auditor-General.

Cape Town, 17th August, 1899.

The Honourable the Chairman,

Committee on Public Accounts.

SIR,—In accordance with the request of the Committee on Public Accounts, I have the honour to forward herewith an amended copy of the last six pages of my Annual Accounts for 1897—'98, shewing the Assets and Liabilities of the Treasury on the 30th of June, 1898.

Such statements have been rendered by me every year since 1885. The first (called for in 1885 for the 30th June, 1884, *Vide A. 7 '85*), was framed in great haste to meet the wishes of the House, and was therefore described as "Approximate." It proved, notwithstanding the haste, and absence of a similar statement for a preceding year wherewith to check its accuracy, to be fairly correct.

Subsequent statements have been framed every year up to 1896 by the Assistant Controller and Auditor-General when Accountant, and since that year by my present Accountant, and with the single exception of the large and regrettable error of £419,000 in the last return, have been absolutely accurate.

1899. The error in the statement for the 30th June, 1898, may be described as follows:—

By Act 28 of 1895, the Government was authorised either to arrange for the building of a line of railway from Oudtshoorn to Klipplaat by a company, in consideration of a subsidy of £231,000, or to build it itself at a cost of £650,000, and was given borrowing powers for whichever sum was needed.

Arrangements were first made for the construction of the above line by the Grand Junction Railways (Limited), but when these fell through, the Government decided in August, 1898, on the alternative course. Thus up to August, 1898, £231,000 was the correct appropriation and borrowing power, but in that month both were increased, by virtue of the decision, to £650,000.

Before the 30th of June, 1898, £87,000 of the borrowing power had been exercised.

In the statement as published the unspent balance of the £231,000 is correctly given under Liabilities, but unfortunately the Asset was not stated at £144,000 (viz. £231,000 less £87,000 already borrowed), but at £563,000 (viz. £650,000 less £87,000 borrowed).

In short the amount given as Assets was not the remaining borrowing powers on the 30th June as it should have been, but those of the following 8th August, when both Assets and Liabilities were simultaneously increased by £419,000.

I have, etc.,

C. ABERCROMBIE SMITH,

Controller and Auditor-General.

AMENDED COPIES OF LAST SIX PAGES OF CONTROLLER
AND AUDITOR-GENERAL'S REPORT FOR 1897-98,
SHOWING THE ASSETS AND LIABILITIES OF
THE TREASURY ON THE 30th JUNE, 1898, AND
RECONCILIATION OF THE FIGURES WITH THE
BALANCES ON THE SERVICE ACCOUNTS AND
WITH THE FIGURES OF THE PREVIOUS YEAR.

Statement of Assets and Liabilities of the Treasury

ASSETS.		£	s.	d.	£	s.	d.
To Cash Balances (<i>vide</i> page 351) :—							
Amounts known to the Treasury	...	232,537	17	7			
Amounts unknown to the Treasury :—							
Sundry Postmasters	...	*9,160	1	8			
					241,997	19	3
.. Railway Construction	...				70,122	13	3
.. Remittances between Chests (as per Account No. XXI.)	...				1,979	7	10
.. Transkeian and Namaqualand Remittances (as per Account No. XXII.)	...				1,678	15	0
.. Mossel Bay Harbour Board Loan (as per Account No. XXXII.)	...				5,000	0	0
.. Loans under Sundry Acts credited to Railway Construction, but not raised on the 30th June, 1898, viz.—							
Act 28 of 1895	...	144,000	0	0			
Act 21 of 1896	...	603,692	9	8			
Act 20 of 1897	...	615,286	0	0			
					1,362,978	9	8
.. Loan under Act 10 of 1892, credited to Netherlands South African Railway Loans Account, but not raised on the 30th June, 1898	...				240,491	0	0
.. Loan under Act 20 of 1897 (part of Schedule A), credited to "Electric Lighting of Houses of Parliament" Loans Account, but not raised on the 30th June, 1898	...				5,000	0	0
.. Balance	...				281,580	7	5

* NOTE.—This amount (*vide* page 351) is included in the item on the other side
balance would not

1899.

APPROPRIATION ACCOUNTS, 1897-8.—Page 360.

Analysis of the Liabilities of the Treasury to Accounting Officers on the 30th June,

	LIABILITIES OF THE TREASURY.			ASSETS OF THE TREASURY.		
	Exchequer Balances.	Available Balance with Paymaster- General.	Cash Balances held in hand.	Overdrawn Balances with Paymaster- General.	Warrants on Contingencies Account.	Transfer to Revenue.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Local Works, Irrigation, Netherlands South African Railway, and Graham's Town and Port Alfred Railway Loans	50,000 0 0	15,475 11 0	...	...	38,920 0 0	...
Immigration ... ..	...	697 10 6	...	...	...	...
Public Works	45,000 0 0	21,924 14 3	...	...	...	...
Railway Construction ... ..	...	...	...	51,622 13 3	15,500 0 0	...
Underpest	50,000 0 0	52,334 11 2	...	...	...	...
Postmaster-General's Deposit Account ... ..	...	68,770 16 9	9,460 1 8	...	...	13,167 3 6
	145,000 0 0	159,113 3 8	9,460 1 8	51,622 13 3	54,420 0 0	13,167 3 6

1898, and a Reconciliation of the same with the Balances on Service Accounts.

Net Liabilities of the Treasury.	Net Assets of the Treasury.	Additions to Net Liabilities of Treasury or Deductions from Net Assets.		Deductions from Net Liabilities of Treasury or Additions to Net Assets.		SERVICE ACCOUNT BALANCES.
		Assets of Accounting Officers.		Liabilities of Accounting Officers.		
£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s.	
26,555 11 0	...	131 19 10	67 10 0			Local Works Loan ... *-31,018 11
						DR. BALANCE
						Irrigation Loans ... 55,825 9
						Netherlands South African Railway Loan ... 233 12
607 10 6	...	...	...	...		Graham's Town and Port Alfred Railway Loan ... 1,609 10
						Immigration ... 607 10
66,924 11 3	...	1 18 3	1,290 19 1			East London Harbour Works ... 1,101 13
						Gouritz River Bridge ... 672 5
						Sundry Bridges, etc. ... 1,707 11
						Kenhardt Irrigation ... 11,931 17
						Steynsburg ...
						DR. BALANCE *-77 13
						Calitzdorp Irrigation ... 50,000 0
						Sundry Railway Ser- vice Accounts, in- cluding Stores, etc., viz. :—
						Dr. Balances
						(<i>Vide</i> p. 310)
						£859,685 2 9
						Less Cr. Balances
						(<i>Vide</i> p. 310)
						£816,734 17 9
...	70,122 13 3	59,903 9 2	32,731 0 11			DR. BALANCE *-12,950 5
102,334 11 2	...	11,575 7 11	126 0 6			Rinderpest ... 116,783 18
65,063 11 11	...	73,906 19 5 (2,113,231 18 0)	101,109 1 8			Money Orders ... 19,192 19
						Postal Notes ... 6,913 5
						Post Office Savings Bank ... 1,699,590 2
						Post Office Savings Bank Certificates ... 125,100 0
261,186 1 10	70,122 13 3	2,261,751 12 7	135,321 15 2			2,317,793 6

* To be deducted.

1899.

APPROPRIATION ACCOUNTS, 1897-8.—Page 362.

Reconciliation of Balances of Treasury Assets and Liabilities

	£	s.	d.	£	s.	d.
To Balance of Assets of the Treasury on the 30th June, 1897, as per page 367 of G.2-'98 ... ..	...			361,101	5	9
.. Assets of Accounting Officers <i>re</i> Votes Accounts 1896-97 on the 30th June, 1897, as per page 359 of G.2-'98 ... ..	...			581,313	16	3
				945,415	2	0
To Assets of the Treasury together with Net Assets of Accounting Officers <i>re</i> Votes Accounts on the 30th June, 1897 ... ..	...			446,736	12	1
.. Revenue as per Account Current for 1897-'98 (<i>vide</i> page 330) ... ..	...			6,536,475	8	10
.. Liabilities of the Treasury less Net Assets of Accounting Officers <i>re</i> Votes Accounts on the 30th June, 1898 (that is working Overdrawn Balance on that date) ... ..	...			*99,125	15	10
				7,082,637	16	9
To Liabilities of Accounting Officers <i>re</i> Votes 1897-'98 on the 30th June 1898 (<i>vide</i> p. 353)	389,957	16	1			
Less: Liabilities to the Contingencies Account (<i>vide</i> page 353)	120,145	14	4			
				269,812	1	9
To Balance of Liabilities of the Treasury on the 30th June, 1898 (<i>vide</i> page 358) ... ..	...			281,580	7	5
				551,392	9	2

*NOTE.—Liabilities of the Treasury, 30th June, 1898 £281,580 7 5

Less Net Assets of Accounting Officers 182,154 11 7

Working Overdrawn Balance... .. £99,425 15 10

APPROPRIATION ACCOUNTS. 1897-8.—Page 363.

1899.

on the 30th June, 1897, with those on the 30th June, 1898.

	£	s.	d.	£	s.	d.
By Liabilities of Accounting Officers <i>re</i> Votes Accounts 1896-97 on the 30th June, 1897, as per page 357 of G.2—98	505,971	16	5			
Less: Liabilities to the Contingencies Accounts	7,293	6	6			
				198,678	9	11
.. Assets of the Treasury, together with Net Assets of Accounting Officers <i>re</i> Votes Accounts on the 30th June, 1897 (that is Working Balance on that date:				116,736	12	1
				945,115	2	0
By Expenditure chargeable against Votes for 1897-98, as per Account Current (<i>vide</i> page 331)				7,082,254	16	1
.. Chief Inspector of Public Works, Stores purchased (<i>vide</i> page 292)	11,378	1	2			
Less: Stores issued (<i>vide</i> page 293)	13,995	0	9			
				383	0	5
				7,082,637	16	9
By Liabilities of the Treasury less Net Assets of Accounting Officers <i>re</i> Votes Accounts on the 30th June, 1898				99,125	15	10
.. Assets of Accounting Officers <i>re</i> Votes Accounts 1897-98 on the 30th June, 1898 (<i>vide</i> page 355)				451,966	13	1
				551,392	9	2

1899.

APPENDIX E.

No. M./327/373.

Office of the Controller and Auditor-General,

Cape Town, 16th August, 1899.

The Honourable the Chairman

Committee on Public Accounts.

SIR,—With reference to the verbal request of the Committee on Public Accounts yesterday, that I should suggest the steps to be taken to secure that provision for entirely dissimilar services should not be included in the same Vote, I have the honour to state that while a resolution of the Committee, tacitly accepted by the House, would probably be sufficient, a separate formal Resolution of the House would be preferable, as being less likely to be overlooked by the officers to whom the preparation of the Estimates is entrusted.

Such a Resolution as the enclosed draft* would I consider secure the desired result, for even if in the case of some departments it were overlooked, it would devolve on the Auditor-General to require that the Sub-votes in question should practically be treated as if they were separate votes. Such a Resolution would thus apply to the Estimates already before the House.

In drawing the enclosed Resolution I have tried to avoid too great generality. It is I take it not contemplated that several branches of the Colonial Office and Treasury, at present included in Votes 12 and 37 respectively, should be shown in separate Votes, or that there should be as many Votes under Divisional Courts as there are Civil Commissioners, or that the plan of having separate Votes for working and maintenance of each System of Railways, abandoned some years ago in consequence of its inconvenience, should be revived, but it is I understand desired that provision for both salaries and buildings should not appear in any one Vote, and that the 7 dissimilar services provided for under Sub-Votes A to G of Vote 72 should be regarded as separate Votes.

I have, etc.,

C. ABERCROMBIE SMITH

Controller and Auditor-General

APPENDIX F. (Not Printed.)

(Memo. by the Chief Traffic Manager concerning the cost of catering for journey of Major-General Cox to Natal in December, 1898).

APPENDIX G. (Not Printed.)

(Memo. by the Chief Traffic Manager concerning the cost of catering for journey of His Excellency the Governor to Natal in July, 1898).

* That, in the opinion of this House, it is expedient, that, as far as practicable, provision in the Estimates for dissimilar services should not be included in the same Vote, and that whenever in the present or in any future Estimate provision for works or buildings is included in the same Vote with provision for salaries or other services, the former shall be treated as if it were a separate Vote. It is also expedient that the sub-Vote of the Vote entitled "Secretary for Agriculture, services exclusive of Establishment," should become or be treated as separate Votes.

1900.

COMMITTEE.

RIGHT HON. SIR J. GORDON SPRIGG (Prime Minister), Chairman.

Hon. J. X. Merriman.

Mr. A. Douglas.

Mr. E. H. Walton.

Mr. J. A. Hill.

Mr. J. C. Molteno.

Mr. N. F. de Waal.

Mr. J. E. Wood.

Mr. C. Searle.

REPORT.

1. Your Committee have to report that they have gone through the Report of the Controller and Auditor-General, together with the Appropriation Accounts for the year ended the 30th June, 1899.

2. The attention of your Committee has been directed to the absence of sufficient information in regard to the receipts and expenditure on certain Government undertakings, e.g. :—

- (1) The working of the Guano Islands, in regard to which a grant of £20,000 is proposed under Vote 74, in the Main Expenditure Estimates, G. 21, 1900, for the current financial year, the Revenue from the sale of guano during the same financial year being estimated at £22,000.
- (2) The Wine Farm, Groot Constantia, in regard to which an expenditure of £2,000 is provided upon the Main Estimates for the current financial year, the Revenue from the sale of wine being estimated at £1,600 for the same financial year.
- (3) Elsenberg Farm, in regard to which an expenditure of £6,300 is provided for on the Estimates for the current year, the Revenue to be derived from the Farm reducing it to a net vote of £4,300 by £2,000 expected to be earned and credited to the Vote.

3. Your Committee recommend that, in future, the annual printed Reports of all such Institutions and operations should contain full information in regard to the Expenditure and the Revenue or Receipts for every financial year, with complete information as to the reasons for variation between the estimated and actual Revenue respectively; the accounts to be framed both on a Cash as well as a Liability basis.

4. Your Committee recommends that a Bill be introduced into Parliament, of which a copy is annexed to their Report—[Appendix G]—extending the operation of the Sinking Fund Commissioners Act, 1897, to certain unclaimed and surplus Funds detailed in the Schedule thereto.

5. Your Committee is pleased to observe that the suggestion made in their Report submitted to the House last year with regard to the growing expenditure upon Printing has received the careful attention of the Government, with a satisfactory result.

6. A statement of Irrecoverable Revenue compiled in the Treasury from returns furnished by the several Civil Commissioners and Revenue Officers amounts to £3,217 14s. 10d. His Excellency the Governor has approved of an application being made to Parliament for authority to write off this amount, and your Committee recommend that the necessary authority be given.

7. The unauthorised expenditure as detailed upon page 253 of the Controller and Auditor-General's report consists solely of deficits on Votes, viz., Votes 42 and 71, and amounts to £3,018 16s. 1d., to cover which an Act is required.

8. The question of the domicile of Loans and the general financial business of the Colony in England having been brought to the notice of the Committee, they recommend that the attention of the Government be directed to a full consideration of this matter.

3rd October, 1900.

1900.

APPENDIX A.
ELSENBURG FARM.—ACCOUNT CURRENT.
CAPITAL ACCOUNT.

1897-1900.

To Purchase Price of Farm	£10,000	0	0	
.. Extension and Adaptation of Buildings	2,848	19	3	
.. Tools and Implements	276	2	6	
.. Live Stock	1,955	12	7	
.. Fencing	517	1	4	
.. Vehicles	128	14	0	
.. Harness and Saddlery	99	8	4	
.. Miscellaneous... ..	171	17	0	
				£15,997 15 0
Total				£15,997 15 0
By Amount Realised by Sale of Mariendahl and Calcutta				£2,500 0 0
.. Balance... ..				13,497 15 0
				£15,997 15 0
Total				£15,997 15 0

MAINTENANCE ACCOUNT.

1897-1900.

To Expenditure, 1898-1899	£4,999	16	6	
.. .. 1899-1900... ..	5,604	3	6	
				£10,604 0 0
Total				£10,604 0 0
By Receipts				£3,804 6 8
.. Balance... ..				6,799 13 4
				£10,604 0 0
Total				£10,604 0 0

APPENDIX B.
PORTER REFORMATORY, FARM, AND GARDEN MAINTENANCE
ACCOUNT.

EXPENDITURE.			RECEIPTS.		
1890-91 ...	£1,087	16 2	1890-91 ...	£393	4 6
1891-92 ...	1,064	3 6	1891-92 ...	487	10 6
1892-93 ...	1,070	10 1	1892-93 ...	414	8 2
1893-94 ...	851	17 1	1893-94 ...	672	5 5
1894-95 ...	784	11 2	1894-95 ...	616	5 0
1895-96 ...	1,279	9 2	1895-96 ...	886	10 2
1896-97 ...	1,484	6 8	1896-97 ...	1,369	9 9
1897-98 ...	1,819	12 9	1897-98 ...	2,511	17 7
1898-99 ...	2,334	17 8	1898-99 ...	3,034	18 3
1899-00 ...	2,690	15 10	1889-00 ...	3,597	3 5
					£13,983 12 9
			By excess of Expen- diture over Re- ceipts	484	7 4
Total ...	£14,468	0 1	Total ...	£14,468	0 1

APPENDIX D.

POST OFFICE SAVINGS BANK STOCK DEALINGS.

Minute for

The Honourable the Treasurer.

Treasury, Cape Town,
10th February, 1900.

I have now obtained from the Post Office a complete record of all Stock purchased and sold on behalf of the Post Office Savings Bank and enclose the detailed Return.

I have worked out the profit and loss on the different holdings taking the different kinds of stock separately. The figures in regard to the $3\frac{1}{2}$ per Cent. Stock work out as follows:—

I.

Stock purchased.	Nominal value.	Purchase Amount.	Average Rate per cent.
	£ s. d.	£ s. d.	£ s. d.
$3\frac{1}{2}$ per Cent. purchased in the Colony	2,539,271 15 0	2,551,718 4 9	100 9 10

II.

Stock sold.	Nominal value.	Proceeds of the Sale.	Rate per cent. realised.
	£ s. d.	£ s. d.	£ s. d.
Sales effected in the Colony	290,178 5 9	288,416 11 5	
„ „ by the Agent-General	1,640,000 0 0	1,642,721 19 7	
Making a total value of	1,930,178 5 9	1,931,138 11 0	

Deducting II. from I. we derive a balance of Stock at present held on behalf of the Savings Bank, viz.:—

(1) £609,093 9s. 3d. ; (2) £620,579 13s. 9d. These two amounts represent first, the nominal or face value of the Stock at present held, and second, the amount which both in the Audit Office Books and in the Post Office is wrongly described as the cost or purchase price.

In order to derive the “real cost or purchase price” we ought to multiply the face value of our holdings, viz.:—£609,093 9s. 3d. by the rate per £100 of Stock at which we purchased it, and, if this be done, we shall find that our present holding did

not cost us... ..	£620,579 13 9
but only	612,079 0 2

showing that we have suffered in the aggregate upon

our transactions from the commencement a loss of £8,500 13 7

To make quite sure that my computation is correct I have multiplied the total face value of Stock held by the rate per £100 at which we bought the Stock, and, if this be done, it will be found that we have sold this large amount of Stock at such a rate as to entail a loss of £8,500 13s. 7d.

A glance at the detailed purchases and sales will show that for years when we first commenced to sell we sold below par, and that upon all our sales amounting to nearly £2,000,000 we realised only £965 5s. 3d.

over par. whereas upon our purchases amounting to over $2\frac{1}{2}$ millions we paid £12,346 9s. 9d. over par. This shows in a rough and ready way that upon all our transactions we must have suffered a loss.

Coming next to the 3 per Cent. I find that we purchased a face value of £539,500 at a cost price of £527,744. being at the rate of £99 13s. 6d. Of this Stock we sold a face value of £40,000 and realised net £38,736 5s. 0d. Adopting the same methods of computation I find that, taking our holdings as a whole, the loss upon this transaction was £1,133 11s. 2d.

If, however, we compare the rate at which we procured this £40,000 with the net amount realised: £38,736 5s. 0d. it will be seen that upon this transaction, taken by itself, there was a small profit of £63 15s. 0d. We obtained this £40,000 at 97 and sold it at $97\frac{1}{2}$, netting, after paying brokerage, etc., the above small profit.

Turning now to our 5 per Cent., we bought £133,747 2s. 3d. face value, at a cost of £138,537, and we sold £122,033 6s. 8d. for £178,128.

Our present holding represents a face value of £11,713 15s. 7d. and this, if we adopt the Audit Office and Post Office methods, will be represented by a minus quantity, i.e., this Stock figures at—£39,591. But here, also, if I apply the same absolutely correct mathematical method of valuation this £11,713 15s. 7d. of Stock will represent a purchase price of £12,133 5s. 9d., leaving a net real profit upon the whole transaction, up to date, of £51,724 5s. 9d.

The original holding in $4\frac{1}{2}$ per Cents. was £7,000 of which there have been no sales; the £7,000 face value representing at present £7,000.

To recapitulate: our present holdings will figure in the corrected accounts of the Colony as follows:—

Description of Stock.	Nominal value.			Corrected Purchase Price.		
	£	s.	d.	£	s.	d.
Three per Cents.	499,500	0	0	497,874	5	4
Three-and-a-half per Cents.	609,003	9	3	612,079	0	2
Five per Cents.	11,713	15	7	12,133	5	9
Four-and-a-half per Cents.	7,000	0	0	7,000	0	0
Total	1,127,307	4	10	1,129,086	11	3

The amount in the second column will figure as Assets and the total is larger than the admittedly wrong totals of the Post Office by £42,090 1s. 0d., which will be shown as a correct balance described as Balance profit on Investments in the Statement of Assets and Liabilities. This amount is made up as follows:—

Real profit on 5 per Cent.				£51,724	5	9
Less real loss on $3\frac{1}{2}$ per Cent.	£8,500	13	7			
.. .. 3	1,133	11	2	9,634	4	9
Net profit				£42,090	1	0

HENRY DE SMITH.

1900.

STOCK TRANSACTIONS SHOWING RESULTS AS AT 9TH FEBRUARY, 1900.

3 PER CENT. STOCK.

Total amount of Stock purchased (Nominal)	£539,500	0	0
Cost price	£537,744	1	6

Ratio:

537744:075

539500

= '99674527.

or 99'674527 per cent. about £99 13 6 cost price per cent.

Total amount of Stock sold (Nominal)	£40,000	0	0
Sale price	38,736	5	0

If this £40,000 (nominal) had been sold at the cost price

of *99'674527 per cent it would have produced ... 39,869 16 2

The actual amount realised was	38,736	5	0
---------------------------------------	--------	---	---

Loss	£1,133	11	2
-------------	--------	----	---

Otherwise:—

Ratio:

38736:25

40000

= '96840625 sale price

'99674527 cost price

Loss '02833902 or 2'833902 per cent.

or £1,133 11 2, loss on £40,000.

JAMES MCGOWAN,

Government Actuary.

10th February, 1900.

3½ PER CENT. STOCK.

Total amount of Stock purchased (Nominal)	£2,539,271	15	0
Cost price	£2,551,718	4	9

Ratio:

2551718:2375

2539271:75

= 1'0049015972

per cent. 100'49015972 = £100 9 10 (cost price.)

Total Stock sold (Nominal)	£1,930,178	5	9
-----------------------------------	------------	---	---

Sale price	1,931,138	11	0
-------------------	-----------	----	---

If the stock had been sold at the cost price, it would

have realised... .. £1,939,639 4 7

The price actually realised was... ..	1,931,138	11	0
---------------------------------------	-----------	----	---

Loss	£8,500	13	7
-------------	--------	----	---

Otherwise:—

(2)

(1)

Ratio: Nominal to price realised:

1931138:55

1930178:2875

= 1'0004974994

Cost 1'0049015972

Loss per cent.

44040978 = 8s. 10d.

or £1,930,178 5 9 = £8,500 13 7 (nearly).

JAMES MCGOWAN,

Government Actuary.

10th February, 1900.

* Ex accrued interest.

5 PER CENT. STOCK.

1900

Total amount of Stock purchased (Nominal)	£133.747	2	3
Cost price	£138.537	0	0

Ratio :

$$\frac{138537}{133747 \cdot 1125} = 1.03581303$$

per cent. £103 11 7 (cost price).			
Total Stock sold (nominal)	£122.033	6	8
Sale price	178.128	0	0
If the stock had been sold at the cost price, it would have realised	£126.403	14	3
The price realised was	178.128	0	0

Profit	£51.724	5	9
---------------	---------	---	---

Otherwise :—

(2) (1)

Ratio Nominal to price realised :

$$\frac{178128}{122033 \cdot 33} = 1.4596668$$

Cost	1.0358130		
	4238538		

Profit per cent., £42 7 8			
on £122.033 6 8 = £51.724 5 9			

JAMES MCGOWAN,

Government Actuary.

Here followed statements showing stock transactions of the Post Office Savings Bank from 1884 to February, 1899, occupying 17 pages—not reprinted.

APPENDIX E.

SCHOOL OF AGRICULTURE, "EISENBURG."

Statement of Receipts and Expenditure, 1st July, 1899, to 30th April, 1900.

RECEIPTS.				EXPENDITURE.			
				1st July, 1899, to 30th April, 1900.			

1900.

The figures are correct so far as they go, but they do not go far enough. The printed statement in question closes at the 30th of June, 1899, and the loss shown amounts to £3,212 6s. 2d., representing the result of working for fourteen years.

Enclosed I attach the printed report on the Knysna Factory for 1899, now before Parliament, which tells a different tale, the loss of £3,212 6s. 2d. shown on 30th June, 1899, having been converted into a profit of £383 5s. 3d. on 31st December, 1899.

This profit was deemed too small to admit of a reduction in the price paid by the Railway Department, and consequently the rate of 5s. 2d. per Sleeper ruling on 31st December, 1899, was continued.

I can only repeat the remark contained in my memo. to you of the 7th of March last on the subject, to the effect "That our instructions are to let the Railway have these Sleepers at cost price, as far as practicable. Actual cost is impracticable, and, therefore, at the end of each year there is either a small balance to the good or to the bad, and the prices for the ensuing year are fixed accordingly so as to make the accounts balance."

J. EASTON,
Financial Secretary.

APPENDIX G.

BILL to extend the operation of the "Sinking Fund Commissioners Act, 1897," to certain moneys.

Preamble.

Be it enacted by the Governor of the Cape of Good Hope, with the advice and consent of the Legislative Council and the House of Assembly thereof, as follows:—

The Governor may fix a period of time after which the control of the classes of moneys mentioned in Schedule shall be vested in Commissioners appointed under Act 11 of 1897.

1. It shall be lawful for the Governor, by notice in the *Gazette*, to fix, in respect of the several classes of unclaimed or surplus moneys enumerated in the Schedule to this Act, a period of time after the lapse of which the control and administration of such moneys shall be vested in the Commissioners appointed under Section 4 of Act No. 11 of 1897, and be applied by them for the gradual extinction of the Public Debt of the Colony, in the same manner as if the said moneys had been specially mentioned in Section 3 of the said Act.

The Governor may vest in the said Commissioners certain other funds.

2. It shall further be lawful for the Governor to vest in the said Commissioners for the purpose of being applied for the gradual extinction of the Public Debt of the Colony, all Surplus Interest and Lapsed Funds hitherto paid into Revenue by the Master of the Supreme Court.

The Governor may authorise the Commissioners to satisfy certain claims.

3. If any claim against any of the said moneys shall be established to the satisfaction of the Governor at any time after such moneys have been vested in the said Commissioners as aforesaid, it shall be lawful for the Governor to authorise the said Commissioners who shall thereupon be empowered to satisfy the said claim out of moneys vested in them other than those mentioned in sub-section (a) of the third section of the said Act No. 11 of 1897.

Short Title.

4. This Act may be cited for all purposes as the "Sinking Fund Extension Act, 1900."

Schedule.

SCHEDULE.

Unclaimed Interest on Public Debt.

Unclaimed drawn or expired Debenture Bonds or other Government Stock.

Proceeds of Unclaimed Property and Stock.

Unclaimed Deposits in the Post Office Savings Bank.

Long Outstanding Treasury Drafts.

Surplus Interest on the administration of funds belonging to the Post Office Savings Bank.

Proceeds of Customs Rummage Sales.

APPENDIX H.
Treasury, Cape Town,
Cape of Good Hope.

1900.

3rd October, 1900.

The Chairman of the
Committee on Public Accounts,
House of Assembly.

No. 578—644.

SUPPLEMENTAL TO EVIDENCE.

POST OFFICE SAVINGS BANK ACCOUNTS.

Sir,—In continuation of my interrupted reply to the last question put to me when I last gave evidence, I must now state that the Controller and Auditor-General suggested, in his letter to the Treasury on the subject, that a reconciliation between his figures and those of the Post Office Savings Bank should be published in the Postmaster-General's report; such reconciliation to give all the information contained in the Assets and Liabilities Statement drafted by me.

That this was not done is due to the fact that at the last moment I discovered an irreconcilable discrepancy in the balance of profit. It is the intention of the Treasury to publish such a reconciliation in future when the true balance of profit is finally agreed upon.

I must also add that the detailed list of Post Office Savings Bank Investments handed in by me is not a formally audited account. It was handed in to the Audit Office for purposes of audit, and returned some months after to the Government Actuary at my request.

I have, etc.,

HENRY DE SMIDT,

Assistant Treasurer.

 1902.

COMMITTEE.

RIGHT HON. SIR J. GORDON SPRIGG (Prime Minister) Chairman.

Mr. J. C. Molteno.
„ N. F. de Waal.
„ J. L. M. Brown.
„ C. Searle.

Hon. J. X. Merriman.
Mr. F. Oats.
„ E. H. Walton.
„ J. A. Hill.

REPORT.

1. Your Committee have to report that they have gone carefully through the Reports of the Controller and Auditor-General, together with the Appropriation Accounts of the Colony, for the financial years ended the 30th June, 1900 and 1901, respectively (G. 1—1901 and G. 1—1902).

2. Your Committee have also had under consideration:—

- i. The Financial Indemnity and Appropriation Bill, together with :
 - (a) The Estimates of Expenditure for the financial year 1901-02 (G. 43 1901), and
 - (b) The Additional Appropriation Statement, 1901-02 (G. 36-1902).
- ii. Notes of an interview held on 1st October, 1901, between Lord Kitchener and the Prime Minister on the taking over of the control of certain of the Colonial Defence Forces from the Imperial Military Authorities, and
- iii. Copy of an Audit Regulation issued for the guidance of the Assistant Treasurer of the Colony.

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3. The attention of your Committee has again been directed to the Financial Returns, in connection with certain of the Government undertakings that partake of a commercial nature, referred to in paragraphs 2 and 3 of the Report of the Committee on Public Accounts (A. 4—1900). Whilst avoiding needless detail, these Returns should afford to Parliament fuller information on an "asset and liability" basis.

4. Your Committee would suggest that such Returns, in a condensed form to be prescribed by the Treasury, should accompany the Annual Reports of the Departments for the calendar year, as well as the Appropriation Accounts of the Accounting Officers for the financial year.

5. Your Committee consider that the voluminous Annexures to the Report of the Controller and Auditor-General, marked D. 1, D. 2, E. and F. (pages liv. to xci. of G. 1—02), and H. (pages xcii. to cxlv.), although of some value, are not of such general interest as to merit a place in the printed Annual Report, and that, whilst they might continue to form Annexures to the Report, they need not be printed, but should be laid upon the Table of the House in manuscript form.

6. The apparent difference between the Accounts of Railway Capital contained in the Report of the Controller and Auditor-General, and in that of the General Manager of Railways, respectively, is, in the opinion of your Committee, undesirable. They, therefore, recommend that in the Railways Report, where the figures are given up to a later date, a reconciliation vouched by the Controller and Auditor-General should be given, and that a like reconciliation should also be introduced into the Annual Statement of the Public Debt of the Colony.

7. Whilst upon this subject your Committee wish to express their opinion that a simpler and more easily comprehended form of account of the finances of the Railway Department might, with advantage, be used by the Controller and Auditor-General.

8. Your Committee have had under consideration the destruction of the Rooiberg Dam in the district of Kenhardt and the resultant loss to the Colony. Upon this subject the evidence of the Chief Inspector of Public Works was taken, and, in submitting it to the House, they would call attention to its unsatisfactory character. This and other matters which have come under their observation plainly point to the urgent necessity for a more efficient control over the works undertaken by the Department of Public Works.

9. A matter involving a question of principle rather than of amount, but one meriting some consideration, is referred to in the report of the Controller and Auditor-General upon Vote No. 26—"Public Health Medical and Paupers," (financial year 1900-01)—page 105, in which a Civil Service official, drawing full special duty and subsistence allowances in addition to his full salary whilst detached from his station on a particular special service or commission, was for a time employed also upon another Commission for which he drew a further special duty allowance. In this instance there was, in your Committee's opinion, no justification for the payment of any further special duty allowance, and they trust that this expression of opinion will be taken as a guide in future cases of such a nature.

10. Your Committee desire to direct attention to the remarks of the Controller and Auditor-General on pages xi., xii., and xiii. of his report for the financial year 1900-01, and they would suggest that the attention of the Government be directed to the desirability of providing some check on possible future extravagance in the administration of the Railway Sick Fund.

11. Your Committee have specially considered the Financial Indemnity and Appropriation Bill which was referred to them by an Order of the House dated 22nd August, 1902. And while deploring the necessity for the infraction of the law involved in the expenditure of the large sums

with which the Act deals, they now submit it to the House without amendment.

12. They advise, however, that the appropriation of the moneys proposed to be authorised under the third and fourth sections of the said Bill should be subject to the same audit and control as are applied to ordinary appropriations of revenue or out of loans for public works and services.

13. The attention of the Committee has been directed to the necessity for the publication of monthly accounts of revenue and expenditure and the financial position of the Colony.

14. An intimation having been given that it is the intention of the Controller and Auditor-General to retire from office at the close of the present session of Parliament, your Committee desire to place on record their sense of the great services rendered to the Colony by Mr. Charles Abercrombie Smith during his long tenure of office.

15. Prior to 1875 there was no real audit of the public accounts, but in that year the Audit Act was passed, and Mr. Abercrombie Smith was appointed to give effect to it. He practically initiated the existing system, and by his genius for figures, combined with unremitting attention to his duties, has established it upon its present satisfactory basis. Without fear, favour or prejudice, he has carried out the intention of the Legislature as embodied in the Act down to the minutest detail; and your Committee, while expressing their great regret that Mr. Abercrombie Smith feels unable to continue the arduous work in which he is engaged, at the same time trust that the fullest possible recognition of his services will be indicated by the grant of a liberal pension.

26th September, 1902.

APPENDIX A.

Office of the Controller and Auditor-General,

Cape Town, 27th August, 1902.

No. M/1/793.

The Right Honourable

the Chairman of the Committee
on Public Accounts.

SIR,—I have the honour to forward herewith, at the request of your Committee, certain Memoranda and Correspondence, marked I.-XI. as per Schedule, bearing on the Financial Position of the Colony and certain Financial Arrangements.

I have, etc.,

C. ABERCROMBIE SMITH,

Controller and Auditor-General.

SCHEDULE.

I. Memorandum, dated 3rd July, 1901, on the points discussed at an interview between His Excellency the Governor and the Controller and Auditor-General on the 2nd of July, 1901.

II. Memorandum by the Controller and Auditor-General on the present financial position of the Colony, dated the 18th November, 1901, prepared at the request of the Hon. the Attorney-General, after an interview at which certain proposals were discussed.

III. Further Memorandum by the Controller and Auditor-General dated 20th November, 1901, prepared at the request of the Hon. the Attorney-General on certain suggestions respecting possible assistance by the Imperial Government.

IV. Letter from the Assistant Treasurer to the Controller and Auditor-General, dated 14th January, 1902, suggesting the passing of a certain arrangement as an Audit Regulation.

1902. V. Reply of the Controller and Auditor-General, dated 15th January, 1902, pointing out that such a Regulation would be *ultra vires* on his part.

VI. Letter addressed to the General Manager of the Standard Bank, dated 18th/20th January, 1902, prepared by the Controller and Auditor-General for the signature of the Right Honourable the Prime Minister, after an interview between the Controller and Auditor-General and the General Manager held on the 18th January, 1902.

VII. Letter from Treasury to Manager, Standard Bank, No. 89/122 M., dated 17th June, 1881, withdrawn by Prime Minister's letter, dated 18th/20th January, 1902.

VIII. Letter from Treasury to Manager, Standard Bank, No. 101/138 M., dated 28th June, 1881, withdrawn by Prime Minister's letter, dated 18th/20th January, 1902.

IX. Letter, dated 21st January, 1902, forwarding an amended Audit Regulation for approval.

X. Audit Regulation, approved by the Executive Council in January, 1902.

XI. Agreement with the Standard Bank, dated 4th March, 1876. (C 1—'76.)

[I.]

MEMORANDUM ON FINANCIAL ARRANGEMENTS IN THE COLONY.

1. By Act 32 of 1888, there are two principal accounts of the Colony :
 - (a) The Exchequer Account.
 - (b) The Paymaster-General's Account.
2. (a) The Exchequer Account embraces the accounts of the Receiver-General of Revenue (who is Assistant Treasurer) and of all other Receivers of Revenue.
3. Into this account all revenue and all loans raised must be paid, and no money can leave this account except in accordance with Audit Regulations.
4. These provide only for transfers from the Exchequer Account to that of the Paymaster-General, and for certain temporary arrangements which need not be alluded to.
5. The necessary transfers are effected by Transfer Orders (issued in connection with Requisitions approved of by the Auditor-General, or in connection with Governor's Warrants on the Exchequer) or by Auditor's Transfer Warrants.
6. Requisitions are passed for amounts :
 - (a) Shewn in the Estimates ;
 - (b) Authorised by any Special Act ;
 - (c) Required to repay the Public Debt :
 Even in the absence of Annual Estimates (b) and (c) will still go on.
7. Governor's Warrants on the Exchequer may be passed only for payment of interest on or repayment of the public debt, or for the salaries of certain officers, or for any other of a limited number of services which do not require to be annually voted.
8. Auditor's Warrants may be used only for the removal from the Exchequer Account of amounts lodged therein, but which do not belong to it.
9. (b) The Paymaster-General's Account.—The Paymaster-General is the banker of all Expenditure Accounting Officers, whether of Vote or Act or Deposit Accounts, and as such keeps an account with each, and renders "Pass Books" monthly.
10. He has other folios in his ledger such as "Remittances," "Contingencies Account," etc., for which he renders "Pass Books" to the Controller and Auditor-General.

11. The Standard Bank keeps two principal Government Accounts called Receiver-General's and Paymaster-General's Accounts respectively. Every revenue deposit throughout the Colony is *inter alia* credited to the former, and all Transfer Orders and Auditor's Transfer Warrants are charged to it.

12. These charges and Paymaster-General's deposits are credited to the Paymaster-General's Account, and to this account are charged all payments, whether made by Treasury draft or in cash, from Civil Commissioners' chests.

13. Save in case of suspected fraud, the Bank does not concern itself with who draws a Treasury draft, or for what purpose it is drawn, all are charged to the Paymaster-General, who charges the proper account in his ledger.

14. Further, the Bank does not concern itself whether, or to what extent, one of these principal accounts is overdrawn; it regards only the net balance on the two.

15. It is most undesirable to allow or to direct any Accounting Officer to overdraw his account, and the Accounting Officer of any overdrawn account is liable to immediate surcharge. When his funds are exhausted, or when called on to incur unprovided for expenditure, it is his duty to apply for an advance by Governor's Warrant on the Contingencies Account.

16. By Act 14 of 1892, as amended by Act 23 of 1896, such advances for unprovided for expenditure may be made to the extent of £200,000.

17. For their validity each such Warrant must bear the certificate of the Controller and Auditor-General, that it may be made according to law.

18. The £200,000 so provided may be exceeded for railway purposes, only when the actual revenue exceeds the estimate, or on the authority of Resolutions of both Houses of Parliament. (Vide section 2 of Act 14 of 1892).

19. Such warrants do not concern the Standard Bank or come under its notice; they merely cause entries to be made in the books of the Paymaster-General crediting the Officers named in the Warrants and charging the Contingencies Account, which may be, and indeed usually is, overdrawn.

20. Should an emergency arise which the ordinary arrangements as above described do not cover, it will be admitted, that if a breach of the law cannot be avoided, there should be as little disturbance as possible with ordinary financial arrangements.

21. Further, that as Martial Law is sanctioned by the Governor in Council, and not by any lower authority, the same high authority should take the responsibility of any breach of law which it may regard as unavoidable.

22. If then the Public Service is carried on without Parliamentary provision, any expenditure should be covered by Governor's Warrant.

23. Such Warrants should not be on the Exchequer, for the Controller and Auditor-General could not sign a Transfer Order under Regulation 19 of Chapter III. of the Audit Rules and Regulations, without which the necessary entries in the books of the Treasury and Standard Bank could not be made, nor could he lawfully frame a Regulation which would admit of his signing such an order.

24. Such Warrants, if issued, should therefore as closely as possible follow the precedent of Warrants on the Contingencies Account, save that no Auditor's Certificate would appear thereon, and the Paymaster-General on receipt of such a Warrant would no doubt credit the Accounting Officers named and charge a special account in his books, which, having no credit from any source, would necessarily be overdrawn.

25. Ordinary Accounting Officers are not likely to enquire before making payments whether the moneys put to their credit as advances by

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direction of the Governor have been so put in strict accordance with law.

26. If such a special account is opened, then when Parliament next passes an Appropriation Act, the Ministers will no doubt requisition for sufficient funds to enable Accounting Officers to repay these advances and close such account.

Cape Town, 3rd July, 1901.

[II.]

MEMORANDUM ON THE PRESENT FINANCIAL POSITION OF THE COLONY.

1. In my Memorandum dated 3rd July last, forwarded to His Excellency the Governor, I explained very briefly the present financial arrangements of the Colony. That memo. may be referred to if further information is required on points not fully dealt with in the following paragraphs.

2. The whole of the public revenue when received and all loans raised must by law be paid into the Exchequer. The amount of revenue collected is not affected by the postponement of Parliament, and the unexercised borrowing powers at present considerably exceed £4,000,000; there is thus an ample balance on the Exchequer Account.

3. All payments are made by Accounting Officers or their Agents and are charged to the accounts of the Accounting Officers kept by the Paymaster-General.

4. In ordinary circumstances the Paymaster-General is mainly provided with funds for expenditure by Requisitions of Ministers approved of by the Controller and Auditor-General.

5. So far as payments of capital and interest of the Public Debt, Railway Expenditure, whether for Maintenance or Construction of Railways, certain Salaries and some other inconsiderable payments are concerned, funds to enable the necessary payments to be made are still, directly or indirectly, obtained by Requisitions of Ministers, although no Estimates for 1901-02 exist.

6. Taking the Estimates of 1900-01 as a basis, the above may cover about £3,550,000 of the ordinary expenditure for 1901-02 as well as any expenditure under special Acts for railway Construction, etc., leaving uncovered, say, £3,600,000 of ordinary expenditure for 1901-02, and the large extraordinary expenditure due to military operations and the existence of the plague, for which there is no legal provision. There exists indeed a small provision of £200,000 for unauthorised expenditure under Act 14 of 1892 as amended by Act 23 of 1896, but that is practically exhausted so far as expenditure other than Railway is concerned.

7. This ordinary but unprovided for expenditure at the rate of about £300,000 per month, together with extraordinary expenditure on military operations, which, I am informed, may at present be estimated at £250,000 per month is at present met by special Governor's Warrants on the authority of which the Paymaster-General credits the several Accounting Officers with such sums as they may require from time to time, and debits a special Contingencies Account, whose overdrawn balance at present is over £3,000,000 and is rapidly increasing.

8. These special Warrants are admittedly illegal, but it having been decided to carry on the Public Service, notwithstanding the absence of sufficient legal provision, it was thought that any illegality should be committed on the highest local authority, that of the Governor in Council, and that Accounting Officers should not be induced or instructed to overdraw their accounts.

9. Such special Warrants follow as closely as possible the precedent of legal Warrants on the Contingencies Account provided for by Act 14 of 1892, and differ mainly from the legal Warrants in that no certificate

of the Auditor-General appears on them, that the advances recommended may be made according to law.

10. They further do not constitute authority for any transfers from the Exchequer account to that of the Paymaster-General; it follows that while the Exchequer Account has an ample balance, and large potentialities in the form of unexercised borrowing powers, that of the Paymaster-General is overdrawn, the large credit balances on all other accounts being outweighed by the overdrawn balance of over £3,000,000 on this new account.

11. As the keeping separate in the Bank of the two principal accounts of the Assistant Treasurer, in his capacities as Receiver-General and Paymaster-General (although a useful and proper course) is at present a matter of arrangement between Government and the Bank, and is not one secured by law, the Government may have hoped that the Standard Bank (which knows no details of the numerous separate sub-accounts which are embraced in these two principal accounts), would not have objected to an overdrawn balance of the one, so long as it was practically secured by the credit balance of the other; the Bank, however, has decided that it will not allow an overdraft on the Paymaster-General's Account exceeding £1,500,000, no matter what the balance may be on the Exchequer Account.

12. The amount so fixed is obviously an arbitrary one, and it is implied that in the opinion of the Bank, it runs some risk in allowing the Paymaster-General's Account to be largely overdrawn, and that it wishes to limit the liability.

13. The date of reaching an overdraft of £1,500,000 on the Paymaster-General's Account has been delayed by a transfer already effected of the balance of the account styled "Post Office Savings' Bank Funds awaiting investment," from the Exchequer to the Paymaster-General's Account, it having been decided on the report of the Attorney-General that no legal objection existed to such funds being lodged with the Paymaster-General instead of in the Exchequer.

14. Some further delay may be secured if uninvested Pension Fund moneys still in the Exchequer pending investment may lawfully in like manner be transferred from the Exchequer to the account of the Paymaster-General.

15. But even if thereafter some further delay could be secured by the very questionable expedient of selling the existing investments of the Post Office Savings Bank and other Funds, when on the contrary the law requires the Treasurer to invest all such funds, it is obvious that the overdraft limit of £1,500,000 must be arrived at before many months elapse, in which case, unless such limit is withdrawn, the whole of the Public Service outside the Railway Department would be disorganised.

16. It does not appear to me that still further delay could be secured by pledging or selling securities (such as the Bond for £1,800,000 granted by the late O. F. State Government) belonging to the General Government, for, apart from any other objection, the proceeds of any such sale would require to be lodged in the Exchequer where its presence affords no assistance in the present emergency.

17. Nor is it practicable to divert any revenue collected or the proceeds of loans raised under borrowing powers from the Exchequer to the Paymaster-General's Account, in any way inconsistent with the Audit Regulations for the arrangement with the Standard Bank, allowing an overdraft of £1,500,000, is on the distinct understanding that no moneys are diverted or transferred from the Exchequer except in accordance with law and regulation.

18. It follows that the date at which the Paymaster-General's Account shows an overdraft of £1,500,000 is rapidly approaching, and unless Parliament meets, its arrival cannot be averted by the unaided efforts of the Colonial Government.

1902.

19. It is also desirable that the Treasurer should be put in a position to carry out his statutory obligations to invest from time to time such portions of the balances on Trust Funds as are awaiting investment.

C. ABERCROMBIE SMITH,
Controller and Auditor-General.

18th November, 1901.

[III.]

MEMORANDUM.

The Honourable the Attorney-General.

1. In a memorandum, dated the 18th instant, on the present financial position of the Colony, I have endeavoured to show that unless Parliament meets, the public service of the Colony must, within a few months, be entirely disorganised by a stoppage of the credit of the Paymaster-General, and that no unaided effort of the Colonial Government can avert such a calamity. I have been asked to consider in what way the Imperial Government may best assist the Colonial Government.

2. It is presumed that any avoidable interference of the Imperial Parliament with the Constitution of the Colony would be deprecated by the Colonial Government, and that in its opinion such a step should be resorted to only when every other remedy fails.

3. By far the simplest form in which assistance could be given by the Imperial Government would be in the form of an assurance to the Standard Bank that it shall suffer no loss by treating the two principal accounts as one for overdraft purposes.

4. This would get rid of such a limit as that of £1,500,000 in respect of the Paymaster-General's Account, while the Imperial Government would incur no liability in respect of any overdrawn net balance on the two accounts, a liability which properly devolves on the Colony, and which, at least for some time to come, it may meet by exercising existing borrowing powers.

5. A second course would be for the Imperial Government to make advances to the Paymaster-General, for advances from one Government to another are not usually of a character which must be regarded as Loans raised, the proceeds of which must be lodged in the Exchequer.

6. But an obvious objection to this course is that large advances of this character would cause a large net surplus on the two principal accounts, which would be idle in the Standard Bank.

7. If either of these alternatives commends itself to the Imperial Government, that Government would probably desire to impose a condition, to the effect that the ordinary expenditure not covered by law should be substantially in accordance with the draft Estimates for 1901-02, and that no large extraordinary expenditure should be incurred without its general approval.

8. It has also been suggested that the Imperial Government might provisionally approve of additional Estimates for 1900-01 and of Estimates for 1901-02 which I believe are already drafted, and direct that they should be acted upon pending the passing of sufficient local appropriation Acts. I presume, however, that the Imperial Government cannot lawfully give such an instruction without an Act of the Imperial Parliament, and as the Controller and Auditor-General cannot be required or expected to commit an illegal act, such a direction would serve no useful purpose unless supported by an Imperial Act.

9. And although an Act of the Imperial Parliament would undoubtedly be effective, such an Act would be a temporary suspension of the Constitution which, I presume, as already indicated, is to be avoided if possible.

10. It has also been suggested that the Imperial Parliament might be asked in some way to legalize the steps already taken. In order that

such an Act should be effective, it would require to authorise large transfers from the Exchequer Account to that of the Paymaster-General, which cannot at present legally be made, in order (a) to extinguish the present overdrawn balance on the special illegal Contingencies Account, and (b) to provide Accounting Officers with funds for future expenditure ; and if it accomplishes these purposes it would not materially differ from the course suggested in paragraph 8, and would equally be a suspension of the Constitution.

1902.

C. ABERCROMBIE SMITH,
Controller and Auditor-General.

19th November, 1901.

[IV.]

Treasury, Cape Town,
14th January, 1902.

No. 14/783.

The Controller and Auditor-General.

Sir,

I am directed to inform you that, for some considerable time, it has been the practice of the Treasury and of the Government Bankers, for Banker's purposes, to regard the Receiver-General and Paymaster-General's Account practically as one account, and to allow interest on the debit balance of the combined account only. Thus, if the Receiver-General's Account showed an overdraft of, say, £1,500,000 and the Paymaster-General's showed a credit balance of, say, £1,400,000, the Bank has charged interest upon £100,000 only, the two accounts for Banker's purposes being thus practically combined.

There are other Government accounts opened, with the approval of the Treasury, for the convenience of certain classes of Public Officers, such as the Registrars of Judges on Circuit ; the Paymasters in the Railway Department ; the Superintendent of the Stationery Office, etc. These are, practically, a portion of the Paymaster-General's Account, but the Bank holds that they are separate accounts, and no allowance is made for the balances to the credit of these accounts in deriving the debit balance upon which interest is payable.

The present General Manager of the Bank, Mr. Michell, has, however, favourably entertained a proposal I made to him that, at all events, the minimum monthly balances of these small separate Government accounts should be taken into account in deriving the net overdraft. But there is neither rule nor regulation for this, nor is there any provision made for such an arrangement in the agreement between the Government and the Standard Bank as their Bankers.

I would, therefore, suggest that a regulation should be framed to legalise the existing arrangement. I would frame such a regulation myself, in my capacity as Receiver-General, Paymaster-General, Accountant-General, and Assistant Treasurer of the Colony ; but I find that there is no statutory authority for such a regulation framed by myself.

I would, therefore, suggest that the required regulation be framed by me, adopted by you, and submitted, under the provisions of the Audit Act, for the approval of the Governor in Council, so that when approved it might have the force of law.

In framing this regulation, I would word it as follows :

" For Government Banking purposes it is to be understood that the balance of the Government Account in the Government Bank shall be the Balance of all the separate Government Accounts combined kept in the said Bank ; that is to say, the Balance of the Receiver-General's Account, the Paymaster-General's Account, and all other accounts authorised by the Treasury to be kept separately in the name either personally or *ex officio* of Government Officers or Departments."

I have, etc.,

HENRY DE SMIT,
Assistant Treasurer.

[V.]

Office of the Controller and Auditor-General,
Cape Town,

15th January, 1902.

The Assistant Treasurer.

Sir,

I have the honour to acknowledge the receipt of your letter, No. 14,783, dated the 14th instant, in which you submit a draft regulation, with a view to my submitting it for the approval of the Governor as an Audit Regulation framed under the provisions of the 6th Section of Act 30 of 1875.

I need hardly say that I entirely concur in the expediency of making such an arrangement with the Bank; indeed, it was one of my first disappointments on the introduction of the present system on the 1st of January, 1876, to find that a part of Schedule B of Government Notice No. 2 of 1876 was rendered inoperative from the very first through the Government of the day having failed to make the exact arrangement now proposed, notwithstanding my strong recommendation, and, I believe, a willingness of the Standard Bank at that time to have consented to the proposal.

But the existing arrangement between the Government and the Bank may at any time be amended, and the only questions are whether it is not *ultra vires* for me to amend such an agreement by a regulation under the 6th section of Act 30 of 1875, and whether the Bank would derive any additional protection by the passing of such an Audit Regulation.

The section in question authorises me to frame such regulations as may appear to be necessary and expedient for the purposes of the Act, and to enable me to exercise and perform the duties, etc., imposed on me, but the proposed regulation is merely a mutual administrative arrangement, which, however desirable, cannot, in my opinion, be said to be in any way necessary or expedient for the purposes of the Audit Act, or of assistance to me in the discharge of my duty.

Further, it is obviously not in my power to create a contract between the Government and any Corporation, and it is equally obvious that even if such a contract existed, I could not deprive the Corporation of the power of withdrawing therefrom at any time by an Audit Office Regulation. It therefore appears to me to be *ultra vires* for me to frame such a regulation, and that even if framed it would not have the force of law.

My own opinion is that the Government and the Bank may by mutual agreement lawfully amend the present agreement in the direction proposed, and that it is no concern of the Bank to what extent any one Government account is overdrawn, so long as it has a net credit balance on all Government accounts, but I also think that the Bank would not derive any additional protection from such an Audit Regulation. If, however, the Attorney-General takes a different view, I shall only be too pleased to take the necessary steps.

I have, etc.,
C. ABERCROMBIE SMITH,
Controller and Auditor-General.

[VI.]

LETTER DRAFTED BY CONTROLLER AND AUDITOR-GENERAL
FOR PRIME MINISTER'S SIGNATURE.

Prime Minister's Office,

No. 98,935/M.

Cape Town, 18/20th January, 1902.

The General Manager, Standard Bank.

Sir,

With reference to your letter of the 14th instant, in which you inform me that your Board has suggested that the Auditor should, by a new

regulation, amalgamate the accounts of the Receiver-General and Paymaster-General in the books of the Bank. I have the honour to inform you that the Auditor-General is decidedly of the opinion that the framing of such a regulation is not within the powers conferred on him by law, but that the existing agreements with the Standard Bank may at any time be amended in the desired direction with the mutual consent of the Government and the Bank. I may add that the Attorney-General entirely concurs with the above view.

All that seems necessary is to withdraw two Treasury letters, No. 89/122/M, dated the 17th June, 1881, and No. 101/138/M, dated the 28th June, 1881, by which the separation of the Public Account in your books was effected and regulated, although the principle distinctly recognised in the former letter that "*the balance of the two accounts will be the balance of the Public Account*" must continue to be maintained.

It is now proposed to substitute for these letters the following arrangement as verbally agreed to by you in your interview with the Auditor-General on the 18th instant, viz.:—That you should now combine in your books the balances on the two principal accounts, and that in future you should render only one combined account, ordinarily consisting of only four items in addition to the opening and closing balances; viz.:—

On the one side (*a*) the aggregate of Exchequer Deposits, and (*b*) that of Paymaster-General's Deposits, and on the other (*c*) the aggregate of Exchequer Drafts, and (*d*) that of Treasury Drafts, Dividend and Master's Warrants, etc., hitherto credited or charged to the accounts of the Receiver-General and Paymaster-General respectively, supporting each of the four entries by a detailed list of the deposits or amounts charged.

It was also agreed at the interview in question that Transfer Orders and Auditor's Transfer Warrants, by which amounts have hitherto been transferred from the Receiver-General's Account to that of the Paymaster-General, shall no longer be forwarded to the Bank.

I have, etc.,

J. GORDON SPRIGG.

[VIL]

Treasury,

Cape Town, 17th June, 1881.

No. 89/122/M.

To the Manager Standard Bank.

SIR,

In compliance with request of the Controller and Auditor-General as conveyed in his letter, No. 951, of 16th instant, I am directed to inform you that from and after the 1st proximo the public account of the Treasurer of the Colony will be divided into the account of the Receiver-General of Revenue, and the account of the Paymaster-General of the Colony—and that the balance of the two accounts will be the balance of the "Public Account."

You will therefore be good enough to credit all Deposits (on existing forms) to the Receiver-General's Account.

And as a consequence all drafts on the public account (on existing forms) must be charged to the Paymaster-General of the Colony's Account.

Transfers from the account of the Receiver-General to that of the Paymaster-General will, from and after the 1st proximo, be made under the signatures of the Controller and Auditor-General and Assistant Treasurer on a form approved for that purpose.

A new form of Deposit Receipt for Deposits to the credit of the public account is being issued to Accounting Officers—to enable them to deposit "sums recovered" with the Paymaster-General to be placed by him to their account—this will not do away with those already in use by the several Civil Commissioners and Collectors of Revenue.

I have, etc.,

H. M. H. ORPEN.

1902.

[VIII.]
Treasury,

Cape Town, 28th June, 1881.

No. 101/138/M.

The Manager, Standard Bank.

SIR,

In connection with the previous instructions conveyed to you in Treasury letter, No. 89/122/M, of the 17th instant, I am directed to inform you that the Controller and Auditor-General by his letter, No. 969, of the 24th instant, has recommended that you should be requested to *open two accounts* with the Government (*i.e.*, the Treasurer of the Colony) on the 1st of July next, in the name of the Receiver-General (of Revenue) and the Paymaster-General (of the Colony) and to deem the balance on the existing account on the 30th June to be the (opening) balance of the Receiver-General.

And in addition that you should be further instructed from and after the 1st of July, 1881—to credit all Receiver-General's and Paymaster-General's Deposits to the accounts of these officers respectively,—to deem all Deposits on the existing form of Deposit Receipt to be Receiver-General's Deposits—to charge all Drafts to the Paymaster-General, and, lastly, to allow of no transference from the Receiver-General's to the Paymaster-General's Account except on Auditor's Transfer Warrant or on Transfer Orders signed by the Controller and Auditor-General (or his Assistant) and by the Assistant Treasurer (or his Deputy) or on certain authorities numbered C.A.11 and C.A.19 now being prepared for future use of which you will be duly advised previous to their introduction.

Any information which you may require in addition I will be happy to supply.

I have, etc.,

H. M. H. ORPEN.

[IX.]

Office of the Controller and Auditor-General,

No. 3/9.

Cape Town, 21st January, 1902.

The Assistant Treasurer.

SIR,

The amended arrangement with the Standard Bank concluded yesterday necessitates a temporary amendment of the Audit Regulations and Scheme of books prepared for your guidance in so far as they require you to forward transfer orders, transfer warrants, drafts for surrender of balances, or for the adjustment of payments by the Agent-General or of cash payments by Civil Commissioners to the Standard Bank. I have therefore the honour to forward herewith a draft regulation to accomplish the object in view for the approval of the Governor in Council. This regulation must be laid on the table of both Houses of Parliament at the commencement of the next session.

I have, etc.,

C. ABERCROMBIE SMITH,

Controller and Auditor-General.

[X.]

Office of the Controller and Auditor-General,

Cape Town, 21st January, 1902.

AMENDED AUDIT REGULATION FOR THE GUIDANCE OF THE ASSISTANT TREASURER.

CHAPTER III.—EXPENDITURE.

Miscellaneous.

200. In view of an amended arrangement entered into between the Treasury and the Standard Bank, transfer orders on the form C.A. 5

transfer warrants and any other documents used merely to authorise transfers between the accounts of the Receiver-General and Paymaster-General, need no longer be forwarded to the Standard Bank by the Assistant Treasurer, anything in Regulations 8 and 27 of Chapter III. of the Audit Rules and Regulations, or in any other Audit Regulation, or in Part IV. of a plan of account books and accounts for the use of the Treasury, to the contrary notwithstanding.

C. ABERCROMBIE SMITH,
Controller and Auditor-General.

[XI.]

CAPE OF GOOD HOPE.

AGREEMENT WITH THE STANDARD BANK.

Printed by Order of the Legislative Council. 11th May, 1876.

AGREEMENT between the Government of the Cape Colony and the Standard Bank of British South Africa (Limited), for keeping the General Account of the Government at the Branch of the Standard Bank in Cape Town; and the Accounts of Civil Commissioners and Heads of Departments at Branches or Agencies of the said Bank in certain Districts of the Colony. (*Presented to both Houses of Parliament by Command of His Excellency the Governor*).—1876.

Colonial Secretary's Office,

11th May, 1876.

Articles of Agreement made and entered into this fifteenth day of November, One thousand eight hundred and seventy-five, between the Honourable John Charles Molteno, Esquire, Colonial Secretary, and such acting for and on behalf of the Colonial Government of the one part, and the Standard Bank of British South Africa (Limited) of the other part, witness:—

First.—The General Account of the Government shall be kept with the branch of the Standard Bank in Cape Town, and all money received on behalf of the Government at the respective branches or agencies of the said Bank, other than the said branch in Cape Town shall be transferred free of charge to the credit of the said General Account. Every Amount so received by the Bank shall be represented by triplicate receipts, one of which shall be sent by the Bank direct to the Treasurer-General in Cape Town, another shall be sent to the Auditor-General in Cape Town, and another shall be delivered to the Government Official from whom the amount shall have been received, and the liability of the Bank in respect thereof shall commence from the time when such amount shall be entrusted to its keeping.

Second.—The accounts of all Civil Commissioners, Heads of Departments, and other officials which may be required for purposes of local disbursements, shall be kept with the Standard Bank at the respective places at which the said Bank has branches or agencies in this Colony, and which are specified in the schedule hereunto annexed, marked "A," and at any other place or places at which the said Bank may hereafter establish branches or agencies, and which other branches or agencies the Bank undertakes to establish, provided it shall appear to the General Manager of the said Bank in this Colony that there is sufficient to do so.

Third.—All drafts issued by the Government made payable by the said Bank shall be payable free of charge at any branch or agency of the said Bank at which they may be presented.

Fourth.—The Government shall always leave in the hands of the Bank a minimum running balance of not less than fifty thousand pounds sterling.

1902.

Fifth.—The Bank shall deposit with the Government as security Cape Government debentures or other approved stock to the amount of one hundred thousand pounds sterling.

Sixth.—Such separate current account ledgers, as the Government may from time to time desire, shall be kept at the Cape Town branch of the said bank, which ledgers, with other books belonging to the Government Account, shall at all times be accessible to the Treasurer-General of the Colony for the time being, or to any person he may depute for that purpose.

This agreement shall commence and take effect from the first day of January, One Thousand eight hundred and seventy-six, and shall continue in force for a period of three years thereafter, and afterwards until six months' notice shall have been given by either party to the other of an intention to put an end thereto.

Witness the hands of the parties hereto:

J. C. MOLTEÑO,

Colonial Secretary.

R. STEWART,

General Manager Standard Bank of
British South Africa (Limited).

Signed in the presence of:

CHARLES MILLS.

A. CHARLES DALE.

SCHEDULE "A" REFERRED TO IN THE FOREGOING AGREEMENT.

Branches in the Cape Colony.

Adelaide, Aliwal North, Beaufort West, Burghersdorp, Cape Town, Colesberg, Cradock, Dordrecht, East London, Fort Beaufort, Graaff-Reinet, Graham's Town, Hope Town, King William's Town, Mossel Bay, Port Elizabeth, Queen's Town, Richmond, Somerset East, Uitenhage, Victoria West.

Agencies in the Cape Colony.

Western Province Bank, Paarl,	{ One of them.
Paarl Bank,	
Swellendam Bank.	
Caledon Agricultural Bank.	
Union Bank, Worcester,	{ One of them.
Worcester Commercial Bank,	
Malmesbury Bank.	
Stellenbosch Bank.	
Wellington Bank.	
Graaff-Reinet Bank, Murraysburg.	
Oriental Bank, Middelburg.	

With reference to the foregoing articles of agreement it is hereby agreed between the Colonial Government and the Standard Bank, the contracting parties thereto, that the third clause contained in the said agreement is hereby cancelled, and that the following clause shall be substituted in lieu thereof, that is to say:—

All drafts issued by the Government made payable by the said Standard Bank shall be payable free of charge at the branch or agency of the said bank at the place where such drafts are issued.

Cape Town, 4th March, 1876.

J. C. MOLTEÑO,

Colonial Secretary.

R. STEWART,

General Manager Standard Bank of
British South Africa (Limited).

Witness:

CHARLES MILLS.

A. CHARLES DALE.

APPENDIX B.

1902.

Notes of an Interview held on the 1st day of October, 1901, between Lord Kitchener, General Officer Commanding His Majesty's Forces in South Africa, and the Right Honourable Sir Gordon Sprigg, Prime Minister of the Cape Colony.

I. From an early date to be mutually decided upon, the Prime Minister agrees to take over, and be financially responsible for, the bodies known as District Mounted Troops, Colonial Defence Force, and Town Guards, or so many of them as they may decide to retain, throughout the Cape Colony. It is understood that the term "Colonial Defence Force" does not include any Volunteer regiment, or any existing irregular corps.

II. The Colonial Government shall make provision for the future payment, equipment, and maintenance of the forces so taken over; and shall have the right to appoint such officers to command the said forces as may be considered necessary.

III. The Colonial Government will employ the said forces, in which term are to be included those men of the Cape Mounted Riflemen at present in the Transkeian Territories, in patrolling and protecting portions of the Cape Colony, and will, as their financial resources from time to time permit, extend the areas so protected.

It is hoped that if their efforts are successful, they will be able to increase the forces at their disposal by taking over other forces at present maintained by the Imperial Government, or by fresh enlistment—the object being, if possible, gradually to police and protect the entire Colony, so as to render a recrudescence of rebellion and invasion impossible.

IV. All arms, equipment, and horses at present in use by the said forces will be taken over by the Colonial Government at a valuation which the Commander-in-Chief agrees to fix as low as possible, save that such of the said arms or other articles as already belong to the Cape Government shall be handed over without payment.

V. The Commander-in-Chief agrees forthwith to hand over to the Colonial Government all the Cape Police at present engaged in Military operations and consents that for the future, the whole of the Cape Police shall be regulated to the discharge of their ordinary duties in any part of the Cape Colony where their presence may be required.

VI. It is understood that the forces referred to in clause 1 hereof, together with the Cape Police, shall while engaged on patrol and police work as aforesaid, be entirely under the command of such officer or officers as the Colonial Government may appoint.

Should any commando of the enemy enter any district occupied by any of the said forces or of the police, then such forces or police shall, if it is desired, be at the disposal, and under the command of, such officer as the Commander-in-Chief, or any person authorised by him may direct. But such command shall cease as soon as the necessity for it ceases, and the men referred to shall again revert to the control of, and be commanded by, the officers appointed by the Colonial Government as hereinbefore provided.

VII. The Commander-in-Chief agrees that the railway lines throughout the Cape Colony shall continue to be guarded by Imperial troops; and further agrees to garrison by infantry detachments towns and villages which are of strategic importance, or which are needed as depots for Military stores, provisions, and horses.

VIII. The Commander-in-Chief promises that, if requested, he will place at the disposal of the Colonial Government an Imperial Officer to assist them in controlling and utilising the forces now taken over, and the Colonial Government agrees, should their financial resources permit, to extend from time to time the forces taken over and the areas policed by them.

1902.

IX. It is agreed that the Imperial Authorities shall supply to the Colonial Government such horses, arms, equipment, or stores as they may from time to time require at cost price.

Financial Adviser's Office,
Palace of Justice,
Pretoria, Nov. 12th, 1901.

To the Rt. Hon. Sir Gordon Sprigg,
Prime Minister, Cape Town.

Sir,

In compliance with your request, I have the honour to forward herewith two copies of the Agreement signed by you this morning—one for favour of your signature, to enable me to forward the same to the G.O.C. in Chief, South Africa.

One copy I have signed for retention by you.

I have, etc.,

O. C. ARMSTRONG, Major,
Financial Adviser to C. in C.

Further to the Agreement entered into at Pretoria on the 1st October, 1901, between Lord Kitchener, General Officer Commanding H.M. Forces in South Africa, and the Right Honourable Sir Gordon Sprigg, Prime Minister of Cape Colony.

The conditions set forth in Clause IV. of the said Agreement shall be complied with on the following terms, namely: That all arms, ammunition, horses and *all* other equipment in the possession of the under-mentioned troops on the 1st November, 1901, such being the property of the Imperial Government, shall become the property of the Government of the Cape Colony.

The Government of Cape Colony agrees to pay to H.M. Government the sum of two hundred thousand pounds sterling (£200,000), in payment of the said equipment.

The troops herein referred to are:

- | | |
|--|--|
| 1. All District Mounted Troops in the Cape Colony. | |
| 2. All Town Guards in the Cape Colony. | |
| 3. The Western Province Mounted Rifles. | |
| 4. Scott's Railway Guards. | } Aggregating
approximately
2,000 men. |
| 5. Frontier Light Horse. | |
| 6. Midland Mounted Rifles. | |
| 7. Colonial Light Horse. | |

The condition set forth in Clauses I. and II. of the Agreement referred to above shall operate from the 1st day of November, 1901, namely: That the Colonial Government shall from the abovementioned date be responsible for the payment, equipment, maintenance, and all other expenditure incurred in the upkeep of the undermentioned troops:

1. All District Mounted Troops in the Cape Colony.
2. All Town Guards in the Cape Colony.
3. The Western Province Mounted Rifles.
4. Scott's Railway Guards.
5. Frontier Light Horse.
6. Midland Mounted Rifles.
7. Colonial Light Horse.

Cape Town, 12th November, 1901.

Office of the Controller and Auditor-General,
Cape Town, 29th August, 1902.

1902.

The Right Honourable

The Chairman of the Committee of Public Accounts.

Sir,—With reference to an enquiry by a member of your Committee respecting the System of Taxation in England, I have the honour to enclose an extract from Todd's Parliamentary Government in England (*vide* Vol. 1, Chapter V., pages 512-513), which confirms my opinion that the bulk of the revenue is derived from Taxing Measures which continue in force until repealed or amended by subsequent Act of Parliament, but that a portion of the Revenue is annually authorised.

This is confirmed by an examination of the Annual Finance Acts of the Imperial Parliament which shew for example that Income Tax and Tea Duty are imposed each year while other taxes are only referred to in so far as they are amended.

I have, etc.,

C. ABERCROMBIE SMITH,

Controller and Auditor-General.

Extract from Todd's Parliamentary Government in England. Vol. 1, Chapter V., pages 512-513.

Duties are either annually voted, upon the recommendation of the Chancellor of the Exchequer, in his Budget, or they are made permanent by special Acts of Parliament. Occasionally certain duties heretofore voted annually are made permanent; but while it is in the discretion of Government to propose to Parliament a greater or less amount of permanent taxation, from time to time, it is not desirable to vary the constitutional practice of always maintaining some large amount of taxation to be annually voted by the House. It is right that the great bulk of the revenue arising from taxation should be levied under permanent Acts, in order to maintain the public credit on a firm footing, and for the security of the commercial interests of the country, which would suffer if existing imposts were liable to frequent change.

APPENDIX D.

Office of the Controller and Auditor-General,
Cape Town, 11th September, 1902.

No. M/1/809.

The Right Honourable

The Chairman of the Committee
on Public Accounts.

Sir,

In compliance with my promise to forward for the information of the Committee on Public Accounts:—

- (A) A reconciliation between the total £22,434,826 17s. 1d. in my Statement III. B., on pages 304-6 and in Account III. D., on page 308 of my Annual Report (G. 1 1902), and the Statement of Railway Capital expended £24,022,876 19s. 7d. as shewn in Appendices VIII. and IX. of the General Manager of Railways on pages lxxxviii. and xc. of his Annual Report (G. 24—1902); and,

- (B) Some comments generally on Railway Capital Account;

I have the honour to forward the reconciliation asked for, together with some general remarks on Railway Capital Account.

- A. It will be seen that the chief items in the reconciliation are on the one hand:—

- (a) The railway expenditure during the six months, July-December, 1901, which is necessarily excluded from my Account to the 30th of June, 1901;

- (b) The expenditure on lines taken over by the Government of the late Orange Free State;

1902.

- (c) Subsidies granted to Companies to induce them to construct certain lines of Railway ;
- (d) The cost of certain Railway Surveys ;
- (e) The cost of supervision of certain subsidised lines.

The item (a) needs no remark.

- (b) While the expenditure on Railways in the late Orange Free State is necessarily included in my Statement (which is merely a historical summary of payments charged to Railway "Act Accounts"), and at one time formed part of the Railway Capital Account, it is now properly excluded from that account in the books of the General Manager of Railways.

It will be observed, however, that while two of the items in this class agree exactly with those in my statement III. B., the total £2,575,977 2s. 4d. exceeds by £125,230 2s. 11d. the amount actually paid (partly in cash and partly by bond) by the Government of the Orange Free State. This represents the exact amount by which the purchase price fell short of the actual cost to the Colony of the lines, works, and rolling stock, taken over ; and while this loss may partly have been due to depreciation of rolling stock, it is largely due to the fact, that the Government of that State declined to pay for improvements for which its consent had not been obtained (as it should have been) before they were carried out.

In the case of a Company such a loss would have been written off, and charged to the reserve fund thereby diminishing future dividends.

- (c) There is reasonable room for doubt whether or not subsidies to Companies should be included in Railway Capital Account. If such a subsidy is made as a remunerative investment, in order to bring traffic on to the Government lines, or to secure a supply of coal, it obviously should be included in the Capital Account, while subsidies granted for any other reasons might fairly be excluded from the Capital Account.
- (d) Similarly if Railway surveys are merely such as a Company desirous of expanding its business would undertake in its own interests, they should be charged to Capital Account, otherwise they may fairly be excluded.
- (e) A similar remark applies to the cost of supervision of subsidised lines, save that in the case of lines ultimately constructed by Government, such cost seems fairly to belong to Capital Account.

My primary object, however, is not to criticise the action of the Department in excluding certain items from Capital Account, but mainly to ascertain the exact cause of the difference between the respective total amounts in G. 1—1902 and G. 24—1902.

- B. While Appendices VIII. and IX. quote £24,022,876 19s. 7d. as the Capital Account exclusive of Stores, Appendix VIII. gives a much smaller sum £22,125,085, as the capital entitled to interest, and though it is not fully explained in what way the difference £1,897,792 is arrived at, it is obvious from an examination of Appendix VIII. in the light of the remarks of the General Manager on Capital Account on Page 1 of his report that this £1,897,792 consists of two classes of items:—

- (a) The Capital Expenditure on certain unopened lines £1,553,488, and (b) £344,304, due to the fact that the Capital spent from time to time on open lines during the year, is not entitled to a full year's interest.

As regards (a) £1,553,488, I am unable to concur in its exclusion, for a Company would necessarily have to pay interest on capital during construction.

As regards (b) £344,304 the principle is quite sound, the railways are financed by the Treasury, which quite properly raises its loans so as to avoid large unused balances, and the railways should from this point of view be charged interest on the money actually used, just as a Bank charges on the daily overdraft. From this point of view, it is obvious for purposes of interest, that a loan of £2,000 for six months is equivalent to one of £1,000 for a whole year. At the same time if the calculation is based only on final payments, it is not made on altogether a fair basis, for obviously a Bank would charge interest on all issues whether used for final payments or advances.

The General Manager remarks on page 1 of his report that the apparently conflicting figures in his Appendix VII. (prepared in this office) and those in Appendix VIII. have caused misapprehension, and promises in his next report to reconcile the two.

But if such reconciliation does not go further, it will fall short of what, in my opinion, the Railway Accounts should show. I submit that the Railway Capital Account should embrace all payments which a Railway Company would properly charge to Capital Account, whether such expenditure has been charged to Vote or to Act Account in my Appropriation Accounts. Further there should be provision for depreciation of rolling stock, if not also for rails and sleepers. If, however, it is agreed, that all renewals of rails and sleepers shall be charged as ordinary working expenses, their depreciation may be ignored.

The amounts thus from time to time written off Capital Account should be charged against the net annual revenue, and thus reduce the amount available as a dividend. The interest on Capital Account should, so far as the permanent debt is concerned, be at the rates actually paid to debenture or stockholders, and as regards temporary loans and contributions from revenue, it should be the current rate paid for Treasury bills.

The excess (if any) of the revenue, over (a) ordinary expenditure, (b) amounts written off Capital Account, and (c) interest on capital, would form the profit of the year under consideration, out of which in the case of a Company the dividends of shareholders would be paid.

Such a statement could not agree with any historical statement to be found in the Accounts of the Controller and Auditor-General, but every figure in it (except interest, depreciation, etc.) might readily be identified with those appearing in various parts of his Annual Reports. For this purpose, however, it would be desirable that the Railway Accounts were made to refer to the close of the financial year.

I have, etc.,

C. ABERCROMBIE SMITH,

Controller and Auditor General.

1902.

RECONCILIATION BETWEEN STATEMENT IN III.B. OF THE CONTROLLER AND
CAPITAL EXPENDED AS SHOWN IN APPENDICES VIII. AND IX. TO

	£	s.	d.	£	s.	d.
Total expenditure to 30.6.01 in III.B.				*26,434,826	17	1
Further expenditure between 30.6.01 and 31.12.01 :—						
On Lines :—						
Somerset East to King's William's Town... ..	70,843	0	0			
Oudtshoorn to Klipplaat	138,811	2	8			
Port Elizabeth to Avontuur	669	2	0			
Sir Lowry's Pass to Caledon	57,342	18	7			
Malmesbury to Pickenier's Kloof	64,392	7	11			
Queenstown to Tarkastad	952	17	3			
Kalabas Kraal to Hopefield	16,892	15	10			
Cape Collieries (Purchase of)	49,928	12	7			
				399,832	16	10
On New and Additional Werks :—						
Act 37 of 1898	13,822	5	1			
„ 36 of 1899	21,932	5	5			
„ 9 of 1900	157,675	1	0			
				193,429	11	6
On Re-laying Existing Lines :—						
Act 32 of 1891, etc.... ..				1,298	5	7
Total				£27,029,387	11	0

Control and Audit Office,
13th September, 1902.

AUDITOR-GENERAL'S REPORT [G1—1902] AND STATEMENT OF RAILWAY
THE REPORT OF THE GENERAL MANAGER OF RAILWAYS [G24—1902].

1902.

	£	s.	d.	£	s.	d.
Total Capital Expenditure to 31.12.01 exclusive of Stores in Appendices VIII. and IX.				24,022,876	19	7
Cost of O.F.S. Lines and Works :—						
Norval's Pont to Bloemfontein *	826,304	16	0			
Bloemfontein to Viljoen's Drift *	1,383,479	19	10			
Bethulie to Springbokfontein †	185,770	19	2			
New and Additional Works ... †	180,421	7	4			
				2,575,977	2	4
Subsidies :—						
Worcester to Roodewal ... *	75,000	0	0			
Ashton to Swellendam ... *	61,500	0	0			
Kowie Railway ... *	50,009	12	3			
Indwe Coal Line ... *	50,000	0	0			
Mossel Bay to Oudtshoorn ... † *	41,855	4	7			
Swellendam to Riversdale ... †	106,100	0	0			
				384,464	16	10
Surveys :—						
Mossel Bay to Oudtshoorn ... *	10,668	19	9			
Fort Beaufort to Molteno ... *	8,324	4	5			
Burghersdorp to Bethulie ... *	257	18	10			
New and Additional Works, Act 21 of 1892 †	4,566	12	11			
New and Additional Works, Act 37 of 1898 †	10,139	16	2			
New and Additional Works, Act 9 of 1890 †	4,107	19	0			
	38,065	11	1			
Less Midland and Western Surveys *	2,372	7	4			
				35,693	3	9
Supervision of Subsidised Lines :—						
Act 36 of 1899				† *	10,375	8 6
Total				£27,029,387	11	0

* NOTE.—All the items marked with * will be found in III.B. Other items on the payment side are portions of total amounts there shown.

† NOTE.—In the case of these three items, the further expenditure in July-December, 1901, is excluded from both sides of the account.

‡ NOTE.—These items are portions of items to be found in III.B.

C. ABERCROMBIE SMITH,

Controller and Auditor-General.

APPENDIX E.

1902.

No. 1123/258M.

The Chairman of the

Select Committee on Public Accounts.

Treasury, Cape Town,

Cape of Good Hope,

13th September, 1902.

SIR,

With reference to the request of the Select Committee on Public Accounts during my evidence to-day that I should furnish a specification of the Heads of Expenditure making up the total of £2,600,000 included under section 4 of the Financial Indemnity and Appropriation Bill, 1902, in respect of the pay and other expenses of Local Defensive Forces, Town Guards, and Extra and Special Police, raised for the defence of the Colony, consequent upon the invasion and rebellion during the financial year, 1901-1902, I have consulted the Accounting Officer of the Defence Department, and I find that, in the absence of any instructions as to the form in which his Appropriation Account was to be rendered, he had abstracted the expenditure under the following heads, and that he had up to date completely audited and rendered accounts up to the end of February, the account figuring under the following heads:—

War Expenses, General Charges.
 Western Province Mounted Rifles.
 Warren's Mounted Infantry.
 Scott's Railway Guards and Sharpshooters.
 Midland Mounted Rifles.
 Peninsula Horse.
 District Mounted Troops.
 Town Guards.
 Tembuland Field Force.
 Colonial Light Horse.
 Queenstown Rifle Volunteers.
 Frontier Light Horse.
 Nesbitt's Horse.
 Cape Medical Staff.
 Kaffrarian Rifles.

The Accounting Officer is vigorously prosecuting his examination and audit for the remaining four months of the year, and hopes to furnish a complete Return under the above heads, probably within a month.

Major Kitchener Anderson informs me that if he be required to change the form of this analysis and to tabulate the expenditure under the heads of:—

1. Pay and Allowances.
2. Rations.
3. Forage.
4. Transport.
5. Remounts.
6. Stores and Equipment.
7. Medical Services.
8. Miscellaneous and Special Expenditure.

all the vouchers would have to be recast under those heads, necessarily involving considerable labour, time and cost.

I have referred to the Appropriation Account for the previous financial year, 1900-01, where under Vote 12, page 64, an expenditure of £301,054 11s. 11d. is brought up, and under Sub-Vote F. is described simply as "War Expenses," the large deficit on this Sub-Vote being described shortly as follows:—

"The deficiency is due to the continuation of the War, which was not anticipated when the Estimates were framed." I wish also to invite attention to the Controller and Auditor's Report on this Vote, para. 15,

on page 67, where he states, under date 13th May, 1902, 10½ months after the close of the financial year, that:—

“A complete analysis of the War Expenditure is at present impracticable.”

In respect of War Expenditure, therefore, in this year, the unauthorised Expenditure Statement gives a single item only without analysis.

I must point out that there is a similar absence of analysis and detail in the case of most of the public expenditure chargeable to Loans or Special Appropriations out of Surplus Revenue. This I admit is not satisfactory, and I would be glad to see Acts Expenditure submitted to Parliament accompanied by an Abstract under the generic heads under which the total can be conveniently classified.

To illustrate my meaning I would simply refer to the terms of the first section of the Temporary Loan Act, 1898, where a lump sum of £600,000 is provided:—“For the purpose of repaying in part the sums advanced from Revenue to meet the expenditure on Rinderpest and the Bechuanaland Rebellion during the years 1896-97.”

I have, etc.

HENRY DE SMIDT,
Assistant Treasurer.

1903.

COMMITTEE.

RIGHT HON. SIR J. GORDON SPRIGG (Prime Minister), Chairman.

Sir Lewis Michell.
Hon. J. X. Merriman.
Mr. F. Oats.
Mr. E. H. Walton.
Mr. J. A. Hill.

Mr. J. C. Molteno.
Mr. N. F. de Waal.
Mr. C. Searle.
Dr. L. S. Jameson.
Mr. H. L. Currey.

REPORT.

1. Your Committee have to report that they have gone through the report of the Controller and Auditor-General, together with the Appropriation Accounts for the year ended the 30th June, 1902.

2. The Statement of Irrecoverable Revenue compiled in the Treasury from returns furnished by the several Civil Commissioners amounts to £6,534. Your Committee recommend to the House that the necessary steps should be taken for writing off this amount.

3. The unauthorised expenditure as detailed upon page 265 of the Controller and Auditor-General's Report amounts to £6,294 18s. 8d., to cover which an Act is required.

4. Your Committee have in the course of their duties had their attention directed to the growth of the expenditure; a task which has also recently engaged the attention of a Special Committee of the House of Commons. They take leave in connection with this matter to quote the following passage from the Report of that Committee which is not inapplicable to the situation in this Colony:—

“The Committee consider that the examination of Estimates by the House of Commons leaves much to be desired, from the view of financial scrutiny. The colour of the discussions is unavoidably partisan, and no member can challenge the smallest item without supporting a motion hostile to the Government; while divisions are nearly always decided by a majority of the members who have not listened to the discussion.”

1903.

They are prepared to recommend that a Select Committee be appointed to be called the Estimates Committee, that it be appointed continuously in the same way and with the same powers as the Public Accounts Committee, and that in order to combine and unify the machinery of financial control, and, as it were, to dovetail the Estimates Committee on to the Public Accounts Committee, a proportion of members be appointed to sit on both Committees. That the Estimates Committee, with power to call for witnesses and papers, should examine the Estimates for the current year, reporting to the House from time to time the results of their investigations and the conclusions at which they have arrived.

5. It would, in the opinion of your Committee, conduce to the convenience of members of the Legislature and to the despatch of the business of Parliament if there were laid upon the Table, simultaneously with the Estimates of Expenditure for the next financial year, a memorandum by each of the permanent heads of the Ministerial Departments, explanatory of the several votes from a purely administrative point of view, and special attention directed in such memoranda to the explanation of any new items, as well as to any large increases or decreases, as compared with the Estimates of the preceding year.

6. Your Committee desire to place on record their opinion that, except in cases of extreme urgency, heads of Departments and other senior officials should not be absent from their posts during the sitting of Parliament.

7. Your Committee are of opinion that considerable confusion and misunderstanding are caused by the fact that the Estimates and Accounts, both of Revenue and Expenditure, for Railway working, are included in the General Estimates and Accounts for the Colony, and they consider that it would be to the public advantage if the Estimates were framed for presentation to Parliament, in such a manner as to clearly distinguish and separate the Railway Revenue and Expenditure from that estimated for the General Administration.

In the same way, they would recommend that the Accounts showing the result of the working of Railways should be framed in such a way as to clearly separate and distinguish between the amounts earned and expended on Railways from the Account for General Administration, the expenditure to include all sums actually incurred, or paid, on account of interest and sinking fund for railway loans during the period covered by such accounts.

8. Your Committee desire to draw attention to the very interesting financial returns of Revenue and Expenditure, and to Cash Account, and Assets and Liabilities Statement, furnished by the Treasury and published in the Appendix, and they urge in the strongest possible way the necessity for the regular periodical publication of similar statements within the dates mentioned by the Assistant Treasurer in his evidence before the Committee.

9. With regard to the item Insurance, and the increased rates therefore, your Committee would draw attention to the evidence of Mr. de Smidt, and think it is a subject that should have the consideration of Government; and that the constitution of a fund for the purpose of covering all risks of Government property both Fire and Marine should form the subject of a special report, and that the privilege of this might be extended also to the property of Harbour Boards.

10. With reference to the returns of officers, who, during the period 1st August, 1902, and 31st May, 1903, received payments from the public funds exceeding £10 in amount in addition to their ordinary salaries and allowances, and extra payments drawn by officers during 1902-1903, in the Defence Department, referred to them on the 16th June, your Committee do not consider that they call for any special comment.

28th August, 1903.

APPENDIX A.

1903.

*Government House and Newlands House: Return of Expenditure upon
for ten years.*

Office of the Commissioner of Public Works,
Cape of Good Hope,

6th July, 1903.

No. B/2436.

The Clerk of the
House of Assembly.

SIR,

In continuance of my letter of 1st June, No. C/771, I have the honour
to enclose for the information of the Select Committee on Public
Accounts:

- (a) Return of Expenditure on Government House, Cape Town,
from 1st July, 1893, to 30th June, 1903.
- (b) Return of Expenditure on Newlands House from 1st July,
1893, to 30th June, 1903.

I have, etc.,

LEWIS MANSERGH,

Secretary for Public Works

Return of Expenditure on Government House, Cape Town, from 1st
July, 1893, to 30th June, 1903:

	£	s.	d.
1893—4	1,890	0	0
1894—5	2,581	0	0
1895—6	2,660	0	0
1896—7	3,549	0	0
1897—8	5,176	0	0
1898—9	9,678	0	0
1899—1900	5,092	0	0
1900—1	8,558	0	0
1901—2	9,860	0	0
1902—3	3,134	0	0
	£52,178	0	0

Public Works Department,
Cape Town,
3rd July, 1903.

Return of Expenditure on Newlands House from 1st July, 1893, to
30th June, 1903, inclusive of Rent and Rates:

	£	s.	d.
1893—4	3,004	0	0
1894—5	2,438	0	0
1895—6	3,083	0	0
1896—7	2,595	0	0
1897—8	3,205	0	0
1898—9	3,794	0	0
1899—1900	2,329	0	0
1900—1	3,580	0	0
1901—2	4,647	0	0
1902—3	4,072	0	0
	£32,747	0	0

Public Works Department,
Cape Town,
3rd July, 1903

1903.

APPENDIX B.

Return of Properties and Grounds purchased in Cape Town during the 10 years ended 30th June, 1903.

		SITES.	PROPERTIES.
1893/4.	Bartholomew's Property, Grave Street		£2,250 0 0
..	Oppels' Property for Police Quarters and Casualty Ward, Dorp Street		1,950 0 0
..	Anderson and Murison's Property, Grave Street (Agricultural Department)		7,500 0 0
1894/5.	Juritz's Property, Leslie Street ...		2,250 0 0
1896/7.	Rhodes' Property between Keerom and New Streets		10,206 0 0
..	Building Site for Pupil Teachers, Institute, Art School, New Street, £1,245, and erection of New Art School as per Agreement with Trustees Art Gallery, £5,590 ...	£6,835 0 0	
1898/9.	Raphael's Property, Old Excise Office, Grave Street		5,500 0 0
..	Mostert's Property, Wale Street (Police purposes)		8,500 0 0
1899/1900.	Building Site for New Morgue, bought from Mr. A. L. Tothill ...	482 0 0	
1901/2.	Mrs. Jamieson's Property, Grave Street		17,775 0 0
..	Monitz's Property, Keerom Street ...		3,880 0 0
1902/3.	Barclay's Property, Grave Street ...		14,200 0 0
..	Herman's Property, Stal Plein		14,000 0 0
			£7,317 0 0 88,011 0 0

Public Works Department, 30th June, 1903.

Return of Rentals paid for Public Offices, etc., in Cape Town, not the property of the Government.

	Annual Rent.		
	£	s.	d.
Offices for the Conservator of Forests, Parliament Street ...	276	0	0
Office of the Deputy Registrar of Births and Deaths, Greenmarket Square	150	0	0
Guano Offices and Stores, Strand Street	120	0	0
Surveyor-General's Department. Accommodation for Geodetic Survey Branch in the Huguenot Memorial Buildings	126	0	0
Offices in the South African Association Buildings, Church Square :			
(1) Rooms Nos. 7, 8, 9 and 10 on 2nd floor; occupied by the Treasury	£300	0	0
(2) Room No. 6 on 2nd floor; occupied by the Treasury	54	0	0
(3) Rooms Nos. 1, 3 and 13 on 1st floor; occupied by Examiner of Diagrams	210	0	0
(4) Rooms Nos. 8, 9 and 10 on 3rd floor; occupied by Inspector of Chests	210	0	0
	<hr/>		
		774	0 0
————— Carry forward... ..	1446	0	0

Brought forward	1446	0	0	1903.
Offices for Printing Branch, Colonial Secretary's Department	150	0	0	
Oddfellows' Hall, corner of Hout and Loop Streets, used for Public purposes (A.R.M.'s office)	300	0	0	
De Beers' Building, situated at corner of St. George's and Wale Streets; accommodation for Law Department ...	720	0	0	
De Beers' Building, situated at corner of St. George's and Wale Streets. Room No. 4 on 5th floor, as additional accommodation for Colonial Office	60	0	0	
Offices for Civil Service Commission, Colonial Medical Board and Colonial Pharmacy Board	200	0	0	
Store for Circuit Vehicles	42	0	0	
Store for Records, corner of Long and Dorp Streets	230	0	0	
Stationery Store, corner of Long and Dorp Streets	290	0	0	
No. 7, Keerom Street; Store for Government Stationery Department	60	0	0	
Searchers' Office, Customs, known as wool floor portion of Produce Market	a1,080	0	0	
Rooms adjoining Searchers' Office, occupied (1) as a waiting room, (2) room for storage of rifles, etc.	b100	0	0	
Store for Colonial Defence Department, 681n, Strand Street No. 17, Francis Street, additional accommodation for C.D. Forces	730	0	0	
Sir Lowry Road; Store for Colonial Military Department	456	0	0	
21. Caledon Street; Vaccination Office	72	0	0	
Mr. Alexander's premises, Parliament Street	800	0	0	
	£6,916	0	0	

a £540 p. a. is paid by Harbour Board.

b £50 p. a. is paid by Harbour Board.

APPENDICES C. AND D. (Not Printed.)

(Statements supplied by the Acting Under Secretary for Agriculture of the Capital and Profit and Loss Accounts of the Government Wine Farm, Groot Constantia, and the Guano Islands. *These statements proved incorrect and are not printed. Amended statements will be found in the Controller and Auditor-General's Report for 1902-3—pages 229—230 and 241—243.*)

APPENDIX E.

PUBLIC DEBT OF THE COLONY.

Abstract General Account to the 30th June, 1903.

Funded Debt originally created	£39,718,266	Redemption of Funded Debt out of Revenue and Sinking Fund...	£3,870,676
Increase of Funded Debt as result of conversion and consolidation	1,081,838	Balance Existing Funded Debt on 30th June, 1903	36,962,128
Total	£40,833,104	Total	£40,833,104

On 30th June, 1903.

Existing Funded Debt ... £36,962,428	Liquid Assets held as against Funded Debt :
Existing Temporary Debt 1,566,171	Cash and C.G.H. Government Securities held by the Sinking Fund £1,260,717
	Crown Land 4 per cent Mortgage Bonds available for redemption of Debt 687,775
	Advances to "Local Authorities, etc.," and Balances in respect of Irrigation and Local Works Loans ... 1,200,027
	Surplus of Revenue over Expenditure, financial year, 1902-'03 552,277
	Balance 34,827,806
Total ... £38,528,602	Total ... £38,528,602

APPENDIX F. (Not printed.)

(Statements in connection with the Treasury Assets and Liabilities on the 30th June, 1903, including one showing unaudited Revenue for the years 1901-2 and 1902-3).

APPENDIX G.
THE SINKING FUND.

Account of Receipts and Expenditure from the earliest dates to the 31st December, 1902.

Dr.	Cr.
From earliest dates to the 31st December, 1902 :— £ s. d.	From earliest dates to the 31st December, 1902 :— £ s. d.
To Contributions from the Revenue, etc., towards the redemption of the Public Debt of the Colony 3,975,582 4 9	By Consolidated Stock, Debentures, Bonds, etc., redeemed 3,411,724 9 3
„ Receipts from Temporary Investments 168,783 5 1	„ Commission and charges 98,601 16 3
	1902, 31st Dec. :—
	„ Balance held by Sinking Fund : Securities £495,677 13 4
	Cash 138,361 11 0
	634,039 4 4
Total ... £4,144,365 9 10	Total ... £4,144,365 9 10

HENRY DE SMIDT,

Treasury, Cape Town,
11th August, 1903.

Accountant-General of the Colony.

APPENDIX H. (Not printed.)

1903.

(Statement of Railway Revenue outstanding on the 30th June, 1903.)

APPENDIX I. (Not printed.)

(Copies of the statements issued to the Treasurer daily showing the Revenue and Expenditure up to the previous day and the balance in the Bank, etc.).

APPENDIX J.

Office of the Controller and Auditor-General,
Cape Town, 19th August, 1903.

No. 1/M/994.

The Chairman of the
Committee on Public Accounts,
House of Assembly.

SIR,—In compliance with the desire of the Committee, I have the honour to forward herewith (a) Statement of Annual Contributions to the Sinking Fund, payable on Railway Debt as on the 31st December, 1902, and (b) Statement of Expenditure in connection with the late War to the 30th June, 1903.

In connection with the latter return I would add that it does not include expenditure arising from the War, but charged to votes, such as aid to Refugees for board, lodging, travelling expenses, etc., support of the families of Rebels, expenditure in connection with the feeding of the poor during the siege of Kimberley, coin, stamps, etc., taken by the Boer Forces, and many similar items. Together they would amount to a very considerable sum.

I have, etc.,
WALTER E. GURNEY,
Acting Controller and Auditor-General.

*Statement of Annual Contributions to the Sinking Fund payable on
Railway Debt as on the 31st December, 1902.*

Act 15 of 1872	£6,333	8	6
„ 13 „ 1873	2,750	2	11
„ 19 „ 1874	29,160	3	1
„ 7 „ 1877	807	1	8
„ 26 „ 1878	14,108	8	2
„ 34 „ 1879	1,229	5	11
„ 22 „ 1880 and 14 of 1881	14,861	7	2
„ 22 „ „	43,873	18	7
Total	113,123	16	0

WALTER E. GURNEY,
Acting Controller and Auditor-General.

Control and Audit Office,
Cape Town, 19th August, 1903.

STATEMENT OF EXPENDITURE IN CONNECTION WITH THE LATE WAR, TO THE 30TH JUNE, 1903.

WAR EXPENDITURE.		SOURCES FROM WHICH THE EXPENDITURE HAS BEEN MET.	
	£	s.	d.
Charged to Vote 30 H. of 1899-1900...	29,917	5	11
" " " 1900-1901...	301,054	11	11
" " " 1901-1902...	1,500	0	0
" " " Act 6 of 1902...	2,600,000	0	0
" " " Vote 12 E. of 1902-1903...	391,256	19	6
	£3,326,738	17	1
COMPENSATION.			
" " Acts 16 of 1900 and 17 of 1902...	1,093,916	10	0
	£1,420,655	7	1

SOURCES FROM WHICH THE EXPENDITURE HAS BEEN MET.		SOURCES FROM WHICH THE EXPENDITURE HAS BEEN MET.	
	£	s.	d.
Paid out of Revenue:—			
Vote 30 H. of 1899-1900...	29,917	5	11
" " " 1900-1901...	301,054	11	11
" " " 1901-1902...	1,500	0	0
" " " 1902-1903...	391,256	19	6
Under Section 5 of Act 6 of 1902	390,330	5	8
3 per cent. Loan, raised under Act 16 of 1900	1,027,499	3	0
Taken temporarily out of Treasury Balances	250,000	0	0
	£1,120,655	7	4

* The proceeds of Bond issued by Orange Free State, appropriated for the purpose by Act 6 of 1902, will be available on or before 1st September, 1903. Powers unexercised on the 30th June, 1903, as follows:—

Permanent Borrowing Powers under Act 17 of 1902	1,250,000	0	0
Temporary Borrowing Powers under Act 6 of 1902	499,639	14	4
	3,519,639	14	4

That is more than has yet been spent out of Treasury Balances by ... Amount temporarily taken out of Treasury Balances ...

† Audited figures. * Only partially audited. ‡ Still under audit. § £500,000 has been received from the Imperial Government in July, 1903.

Control and Audit Office, Cape Town,

19th August, 1903,

WALTER E. GURNEY,

Acting Controller and Auditor-General.

1904.

COMMITTEE.

HON. E. H. WALTON (Treasurer-General) Chairman.

Hon. Sir L. L. Michell.
 Mr. N. F. de Waal.
 Mr. F. Oats.
 Mr. J. C. Molteno.
 Mr. Abe Bailey.
 Mr. H. L. Currey.

Mr. J. W. Jagger.
 Mr. G. H. Maasdorp.
 Mr. C. Searle.
 Col. D. Harris.
 Mr. T. B. King.
 Hon. J. X. Merriman.

FIRST REPORT.

Your Committee have specially to report that they have considered the question, referred to them by Order of the House on the 19th April, with regard to legislation during the present Session for placing the Post Office Savings Bank Funds in the custody of Trustees, and have also had before them the Interim Report of the Controller and Auditor-General for the half-year ended the 31st December, 1903, and have resolved that, as the Session is almost at an end, there is not sufficient time to allow for the preparation and passage of a Bill on this subject. Your Committee, however, agree generally with the principles of the Bill annexed to the Auditor-General's Interim Report, and they recommend that a Bill be introduced next Session adopting the provisions thereof, and at the same time consolidating the law relating to the Control and Audit of Revenue, with additional clauses penalising unauthorised advances to the Executive and penalising transfers from the Exchequer Account in the Bank without the authority of the Controller and Auditor-General.

11th May, 1904.

REPORT.

1. Your Committee have to report that they have examined the report of the Controller and Auditor-General, together with the Appropriation Accounts for the year ended 30th June, 1903.

2. Your Committee have again to direct attention to the growth of expenditure in the various departments of Government, and while they feel that this increase is due to the disturbed state of the country during the past few years, they urge the vital necessity for retrenchment throughout the public service.

3. Attention has already been directed to the abnormal increase in the expenditure upon police, and in the opinion of your Committee this expenditure should be reduced without delay. Your Committee would also point out that considerable contributions are made towards the Harbour Police at Cape Town and East London, and recommend that this expenditure should be borne entirely by the Harbour Boards concerned. Attention should also in the opinion of your Committee be paid to the general police system of the Colony, with a view of establishing some system of local responsibility and control which makes both for efficiency and economy.

4. With reference to Railway fares your Committee are of opinion that the fares and rates on the Cape Suburban Line are unduly low, and urge that these should be increased sufficiently to cover the working expenses and interest.

5. Attention has been drawn to the large expenditure upon Public Health, owing to the fact that the Government has paid the whole cost of plague administration throughout the country, and your Committee are of opinion that the Public Health Act should be so amended as to leave a large share of responsibility with local governing bodies.

1904

6. Your Committee also direct attention to the heavy annual expenditure upon the residences of His Excellency the Governor, and suggest the adoption of some arrangement, which, while more economical, would obviate the necessity for continual and costly patchwork.

7. The subject of the insurance of public buildings has again occupied the attention of your Committee, and it is recommended that an improved system should be adopted throughout the Colony in connection with all Government property. Within a fixed limit all fire risks should be underwritten by the Government itself, and market rates be charged to account, with the object of accumulating a fund which will eventually obviate the necessity for insurance. Your Committee recommend that the Government should consider the advisability of replacing without delay buildings which were insured and have been destroyed by fire. Those at the Paarl and Carnarvon are cases in point.

8. Your Committee regret to learn that there is great and needless delay on the part of certain Departments in settling their accounts with the Railway Department thus occasioning additional work.

9. Your Committee would also direct attention to the increased cost of stationery and printing, and they recommend more economy by the Heads of Departments, and more effective control by the Controller of stationery and printing.

10. The Statement of Irrecoverable Revenue compiled in the Treasury from Returns furnished by the several Civil Commissioners amounts to £2,758 6s. 1d. Your Committee recommend to the House that the necessary steps should be taken for writing off this amount.

11. Attention is directed to the report of the Controller and Auditor-General, page 194, on the expenditure on Works and Buildings. It appears that a surplus on one work authorised by Parliament is made available to cover a deficiency on some other work. This is very unsatisfactory, as Parliament might approve of the expenditure of £500 on a particular work, but might not be prepared to do so if the estimate were for £1,000, yet £500 having once been approved of the expenditure may amount to £1,500, the excess being held covered by the saving on other items, even by the saving arising from the abandonment of other works for which provision was made.

Your Committee recommend that where provision is made for a specific work, the amount so provided shall be available for that work only, and if not so spent thereon shall be surrendered.

12. Your Committee are pleased to observe that an effort has been made to comply with their recommendation that in regard to all the industrial undertakings of the Government, an annual balance sheet and profit and loss account should be compiled. It would be more convenient, however, were these statements drawn up on a uniform plan, subject to the approval of the Controller and Auditor-General.

13. Your Committee desire to draw attention to the fact that there is a gradual increase in the amounts annually awarded to Civil Servants by way of extra payments. (Auditor-General's Report p. IX.) These payments are in part for working overtime, and in part as bonus or honorariums for what are presumably Special Services. Your Committee are of opinion that the system is open to grave objection, unless carried out under strict Ministerial control.

14. Your Committee regret to observe that the Elsenburg Agricultural College is still under the dual control of separate Departments, a condition of affairs which complicates its accounts and does not make for efficiency. They suggest, therefore, that the attention of the Government should be directed to this matter, with a view of placing the Institution on a more satisfactory basis.

15. Your Committee direct attention to what appears to be the excessive cost of working the Tramway and Jetty at Walfish Bay resulting as it does in a heavy annual loss to the Treasury.

16. Your Committee recommend that, in future, loans for Public Schools be separated from the Public Works Loans, and a separate account under this head be framed for presentation to Parliament.

17. The practice adopted in past years of commencing operations on works authorised by Parliament before the funds for such works were raised on loan, leads, in the opinion of your Committee, to a very unsatisfactory condition of things, and they are strongly of opinion that, in future, no such operations should be taken in hand in connection with such works until the money required therefor has been actually raised.

18. In their report of last year your Committee urged that the Estimates of Expenditure should be accompanied by a memorandum by each of the permanent heads of the Ministerial Departments, explanatory of the several votes from a purely administrative point of view, and special attention directed in such memoranda to the explanation of any new items as well as to any large increases or decreases as compared with the estimates of the preceding year, and they now desire to place on record their opinion that a similar memorandum should in future be furnished by the General Manager of Railways, the Chief Inspector of Public Works, the Postmaster-General, and the Superintendent-General of Education.

19. Your Committee direct attention to the large expenditure in the office of the Public Works Department in Cape Town, amounting as it does this year to 12 per cent. on the estimated cost of the works authorised, and recommend such changes and reform should be made as will bring this charge down to a more reasonable amount.

20. Your Committee are impressed with the growing cost of printing, and they are of opinion that it would serve a useful purpose if in future every Return presented to Parliament bore on the title page the cost of preparation and printing.

21. Your Committee consider that it would tend to efficiency, if in future the Department of Agriculture were to submit to Parliament an annual report of the proceedings of the various branches of that Department combined under one head.

22. Your Committee desire to record their agreement with paragraphs 4 and 5 of the Select Committee on Public Accounts 1903 Report, and they regret that circumstances have not made it possible to carry out these recommendations which they believe would greatly tend to efficiency and economy.

23. Your Committee are of opinion that the delay in the publication of Financial Returns and of Annual Statements connected with finance and trade leave much to be desired, they emphasise and repeat the remarks contained in para. 8, Report 1903.

24. Your Committee regret that owing to pressure of work it has been found impossible for them to take into consideration the numerous important financial questions raised in the report of the General Manager of Railways. They adhere to the recommendation contained in their 1903 report on the general question of the Estimates of Railway Expenditure, and they consider that it would tend to efficiency and to the control that Parliament ought to exercise over this vast spending department if a Select Committee were appointed each session to supervise all questions connected with it.

25th May, 1904

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APPENDIX A.

STATEMENT OF EXPENDITURE IN CONNECTION WITH

WAR EXPENDITURE.		£	s.	d.	£	s.	d.
Charged to Vote 30 H of 1899-1900...					29,917	5	11
„ „ 12 F of 1900-1901 ...					301,054	11	11
„ „ „ 1901-1902 ...					1,500	0	0
„ Act 6 of 1902 ...					2,600,000	0	0
„ Vote 12 E of 1902-1903...					387,459	10	0
„ „ „ 1903-1904 (9 months) ...					*18,929	6	0
					<hr/>		
					3,338,860	13	10
WAR LOSSES COMPENSATION.							
Cost of Commissions of Inquiry and of Distribution of Compensation:—							
Charged to Vote 11 of 1900-1901 ...		2,967	18	1			
„ „ 5 E of 1901-1902 ...		6,438	1	5			
„ „ 11 of 1902-1903 ...		23,295	17	7			
„ Act 17 of 1902 (from 1st July, 1903)...		20,563	1	9			
					<hr/>		
					53,264	18	10
ACTUAL COMPENSATION.							
Charged to Acts 16 of 1900 and 17 of 1902 ...		1,874,166	5	1			
					<hr/>		
					1,927,431	3	11
					<hr/>		
					£5,266,291	17	9
WAR.							
*Still under audit. The amount provided under Vote 12 E of 1903-1904 as amended by Schedule of Withdrawals							
is ...					19,900	0	0
Of which there has been spent as above ...					18,929	6	0
					<hr/>		
Leaving a balance of ...					970	14	0
COMPENSATION.							
†Partially audited. Provision was made as follows:—							
Act 16 of 1900 ...		250,000	0	0			
„ 17 „ 1902 ...		1,250,000	0	0			
Contribution from Imperial Government		500,000	0	0			
					<hr/>		
					2,000,000	0	0
Expended as above, viz.:—							
Re Commissions, &c.		20,563	1	9			
„ Compensation		1,874,166	5	1			
					<hr/>		
					1,894,729	6	10
					<hr/>		
Leaving a balance of ...					105,270	13	2
Total amount available on 31st March, 1904, for War and War Losses Compensation Expenditure ...							
					£106,241	7	2

Control and Audit Office.

Cape Town, 10th May, 1904.

APPENDIX A.

1904.

THE LATE WAR TO THE 31ST MARCH, 1904.

SOURCES FROM WHICH THE EXPENDITURE HAS BEEN MET.

Paid out of Revenue:—

	£	s.	d.	£	s.	d.
Vote 30 H of 1899-1900	29,917	5	11			
„ 11 „ 1900-1901	2,967	18	1			
„ 12 F „ „ „ „ „ „	301,054	11	11			
„ 5 E „ 1901-1902	6,438	1	5			
„ 12 F „ „ „ „ „ „	1,500	0	0			
„ 11 „ 1902-1903	23,295	17	7			
„ 12 E „ „ „ „ „ „	387,459	10	0			
„ „ „ 1903-1904	18,929	6	0			
Under Section 5 of Act 6 of 1902	300,360	5	8			
				1,071,922	16	7
Proceeds of Bond late Orange Free State <i>vide</i> Section 6 of Act 6 of 1902				1,800,000	0	0
Three per cent. Loan, raised under Act 16 of 1900				250,000	0	0
Treasury Bills issued under Act 6 of 1902				459,639	14	4
Treasury Bills issued under Act 2 of 1904, against Act 17 of 1902				1,078,500	0	0
Contribution from Imperial Government <i>re</i> War Losses Compensation				500,000	0	0
Taken temporarily out of Treasury Balances				*66,229	6	10
				£5,266,291	17	9

* NOTE.—There was a borrowing power unexercised on
31st March, 1904, under Act 2 of 1904 (*re* Act 17 of
1902) of

171,500 0 0

That is more than has yet been spent out of Treasury
Balances by

105,270 13 2

£66,229 6 10

WALTER E. GURNEY,
Controller and Auditor-General.

APPENDIX B.

REPORT OF THE CROWN LEGAL ADVISER ON THE DRAFT
BILL OF THE CONTROLLER AND AUDITOR-GENERAL.—RE
EXCHEQUER ACCOUNT.Attorney-General's Office,
Cape Town.

10th May, 1904.

After consultation with the Controller and Auditor-General, and carefully considering the criticisms and directions of the Committee, I have concluded that, having regard to the fact that the Session is almost at an end, it would be futile to endeavour to prepare and introduce a Bill that would entirely meet the wishes of the Committee. As the principles of the measure proposed by Mr. Gurney—with whom I entirely concur—are approved of by the Committee, I would advise that no Bill be sent down to the House this Session, but that the Committee report to the House that they agree generally with the principles of the Bill annexed to the Interim Report of the Controller and Auditor-General (G.71—1904), and recommend that a Bill be introduced, next Session, adopting the provisions thereof, and at the same time consolidating the law relating to the Control and Audit of Revenue, with additional clauses penalising unauthorised advances to the Executive and penalising transfers from the Exchequer Account in the Bank without the authority of the Controller and Auditor-General.

MORGAN O. EVANS,
Crown Legal Adviser.

1905.

COMMITTEE.

HON. E. H. WALTON (Treasurer-General) Chairman.

Mr. F. Oats.

Mr. J. W. Jagger.

Col. D. Harris.

Mr. T. B. King.

Mr. W. McIntosh.

Mr. F. S. Malan.

Mr. J. C. Molteno.

Mr. H. L. Currey.

Dr. J. H. M. Beck.

Hon. J. X. Merriman.

REPORT.

1. Your Committee have to report that they have carefully examined the Report of the Controller and Auditor-General, together with the Appropriation Accounts for the year ended 30th June, 1904.

2. A Statement of Irrecoverable Revenue, compiled in the Treasury from returns furnished by the several Civil Commissioners and Revenue Officers, amounts to £3,467 18s. 2d. His Excellency the Governor has approved of an application being made to Parliament for authority to write off this amount, and your Committee recommend that the necessary authority be given.

3. The unauthorized expenditure, as detailed upon page 232 of the Controller and Auditor-General's Report for the financial year 1903-4, consists solely of deficits on Votes, and amounts to £48,037 12s. 3d., to cover which an Act is required.

4. Your Committee observe that expenditure has been reduced materially in all departments, and recommend that the further reduction of expenditure should occupy the careful consideration of the Government. In the opinion of your Committee the scale of salaries in several branches of the service is excessive, and when new appointments are made these should be reduced to the rate prevailing in 1898 and previous years. Your Committee would also direct attention to the overmanning in certain offices.

5. Your Committee call attention to the excessive sums spent in printing departmental reports, and are of opinion that all such reports should pass through the hands of a competent person empowered to delete all matters not of public interest. Your Committee also recommend greater attention to the expenditure on stationery, which appears to be on the increase without adequate reason.

6. Your Committee find that considerable sums are paid in pensions to Harbour Board employees, while no contributions are made to any pension fund by such employees. Your Committee recommend that independent superannuation funds should be established without delay by all Harbour Boards, and that allowances should be paid only in proportion to the contributions of the employees.

7. Your Committee call attention to the special tariff allowances paid to Civil Commissioners, and recommend that these allowances should cease.

8. Your Committee recommend that all resolutions of the Public Accounts Committee, which are approved by Parliament, should be sent to the Chief Clerk to the Prime Minister, whose duty it shall be to forward them to the departments concerned, and further, that the Treasury be instructed to report to this Committee the steps which have been taken to give effect to such recommendations and resolutions.

9. The subject of the insurance of public buildings has again occupied the attention of your Committee, and they recommend that steps should be taken to adopt a uniform system with reference to the insurance of all public property.

10. Your Committee draw attention to their recommendation of last year to the effect that the reports of the various branches of the Agricultural Department be combined into one publication.

11. Your Committee find that the sum of £90,000 received from the Imperial Government in settlement of Military claims has not been specified in the published accounts of the Colony. The practice of treating receipts in this manner is, in their opinion, undesirable, and in future they consider that extraordinary items of receipt, no matter whence derived, should figure in the Cash Account of the Colony, with the corresponding expenditure set against them.

12. Your Committee would also call attention to the practice that obtains of bringing to credit the full amount of the loans raised without stating explicitly the deductions due to discount and other charges.

13. Your Committee consider it within the scope of their duty to draw attention to the undesirable practice that has grown up of deferring the introduction of important loan and other financial measures to the closing days of the Parliamentary Session, which prevents them receiving that careful attention and examination which is necessary. They recommend that in future this practice be discontinued, and that all such measures should be brought before Parliament at a reasonably early date.

14. Your Committee cannot regard as satisfactory the growing practice of the Treasury of bringing receipts to credit of vote instead of same being paid into revenue.

15. The attention of your Committee has been directed to the large payments in the nature of bonuses or overtime made in connection with the plague, especially at Port Elizabeth, East London, Queenstown, and King William's Town. Your Committee recommend that extra payments to Civil Commissioners, as Chairmen of Plague Boards, should be curtailed, and that the expenditure generally should be considerably reduced, and further, that the local authorities should be called upon to bear a certain portion of any remaining expenditure, with proportionate control.

16. Your Committee note with much surprise that the Native Locations at Uitvlugt, near Cape Town, and New Brighton, near Port Elizabeth,

1905.

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have been worked at a serious loss to the Government. It is also noted that a number of Departments are concerned in the management of these locations. Your Committee strongly urges upon the Government to take such steps without delay as will place both these locations on a self-supporting basis, and also place the care and responsibility for them in the hands of one department (see page 51, Auditor-General's Report).

17. Your Committee desire to direct the attention of the Government to the practice which sometimes obtains of an officer's emoluments being drawn from various votes. Your Committee consider this practice objectionable, as calculated in some degree to mislead Parliament and deprive it of the opportunity of adequately considering such emoluments. In cases where this practice is inevitable, the total salary should be shewn in the margin.

18. Your Committee recommend that the amount of void Money Orders and unclaimed Postal Notes should be paid into the Sinking Funds for the extinction of the Public Debt of the Colony, in the same way as unclaimed deposits in the Post Office Savings Bank, and not to Revenue.

19. Your Committee regret that they have not had before them the Capital and Profit and Loss Accounts of the Elsenburg Farm. They trust that these will be furnished regularly in futuro.

30th May, 1905.

APPENDIX A.

STAFF VINE in connection with a sum of £90,000 accepted by the Cape of Good Hope Government from the Imperial Authorities in Settlement of Claims on Military Requisitions.

1904. 31st March.	To Amount received from Imperial Authorities (Agreement dated 15th May, 1904)	£90,000 0 0	1904. April-June.	By Audited Expenditure, viz. :— Claims paid £26,824 7 10 Salaries and Expenses 2,892 18 8 £29,717 6 6 By Balance in hand 60,282 13 6	£90,000 0 0
1904. 1st July.	To Balance	£60,282 13 6	1904. 1st July to 31st Mar. 1905.	By Unaudited Expenditure, viz. :— Claims paid £26,653 1 10 Salaries and Expenses 1,604 0 2 £28,257 2 0 By Balance Unspent 32,025 11 6	£60,282 13 6

Control and Audit Office,
19th May, 1905.

WALTER E. GURNEY,
Controller and Auditor-General.

1905.

1905.

APPENDIX B.

STATEMENT of Litigation Loans written off as "Irrecoverable."

Name.	Division.	Why Irrecoverable.	Amount.	Remarks.
P. J. Boltman	Calvinia	Insolvent	195 0 0	Voted and paid to Acts Account in Oct., 1890.
J. G. Nel & A. van Niekerk	"	"	863 5 0	
J. A. v. d. Merwe	"	Impoverished. Govt. resumed Land	169 3 4	
W. P. van Niekerk	"	"	180 6 2	
S. W. F. van Zyl	"	Insolvent	366 13 4	Addl. Appropriation Vote 42 B 1884/85.
S. W. B. v. d. Merwe	"	"	681 5 0	
F. J. C. Brand	Fraserburg	"	294 0 0	Voted and paid to Acts Account in Oct., 1890.
D. G. van Reenen	"	"	374 19 11	
J. G. White	Carnarvon	"	1,000 0 0	
W. M. Edwards	Stutterheim	"	302 3 6	
			£5,027 16 3	

Calvinia	£3,056 12 10	} £5,027 16 3
Carnarvon ...	...	...	1,000 0 0
Fraserburg ...	...	...	668 19 11
Stutterheim ...	...	...	302 3 6

WALTER E. GURNEY,

Controller and Auditor-General.

Audit Office, 19th May, 1905.

APPENDIX C.

IMMIGRATION AND LABOUR.

Office of the Colonial Secretary,
19th May, 1905.The Chairman of the Select Committee
on Public Accounts.

SIR,—I have the honour to forward herewith a Statement showing the number of men employed upon the various Relief Works on the 13th instant.

This is the latest information at the moment available without reference to the various works.

It will be noted that no coloured men are employed as a charge against the Pauper Votes.

I have, etc.,

NOEL JANISCH.

Under Colonial Secretary.

IMMIGRATION AND LABOUR DEPARTMENT
RELIEF WORKS

1905.

STATEMENT of Men Employed on 13th May, 1905.

FISH HOEK—

79	4s. 6d. p. d. (cash).	2	1s. 9d.* + 6d.† + Bonus.‡ (In kind.)
Married.		Single.	

KLAPMUTS—

42	4s. 6d. p. d. (cash).	132	1s. 9d.* + 6d.† + Bonus.‡ (In kind.)
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TOKAI—

—		25	1s. 9d.* 6d.† (In kind.)
121		157	

* Value of rations drawn as such and never in cash. † Clothing allowance.

‡ Value of work done over 2s. 3d. per diem drawn when leaving the works.

All these men are Europeans; coloured men are not employed through this Department, nor as a charge against the Pauper Vote. *Coloured men are employed by the Railway Department on certain works, but are not recognised as being on Relief Works.*

C. W. COUSINS,

Officer-in-Charge, I. and L.

Cape Town, 19th May, 1905.

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